

JPRS-CAR-91-071  
12 DECEMBER 1991

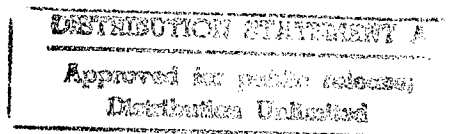


# ***JPRS Report***

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# China

JPRS-CAR-91-071

## CONTENTS

12 December 1991

### ECONOMIC

#### NATIONAL AFFAIRS, POLICY

Article Assesses Causes of Inflation [JINGJI YANJIU No 10] .....	1
New Enterprise Organizational Form [LIAOWANG No 38] .....	3
Noted Economists Attend Conference, Discuss Theories [JINGJIXUE DONGTAI No 8] .....	5
Economic Statistics January-September 1991 [JINGJI RIBAO 31 Oct] .....	10
Automation of Statistical Information Implemented [XINHUA] .....	15
Forum on Mao Zedong Economic Thought [JINGJIXUE DONGTAI No 9] .....	15

#### PROVINCIAL

Hebei Encourages Further Economic Reform [HEBEI RIBAO 10 Oct] .....	17
Heilongjiang Introduces More Foreign Capital [Harbin Radio] .....	23

#### FINANCE, BANKING

Banks Modernized With Electronic Devices [JINRONG SHIBAO 2 Oct] .....	23
French Bank Opens Office in Shanghai [XINHUA] .....	24

#### INDUSTRY

Steel Output To Top 69.5 Million Tons in 1991 [CHINA DAILY 28 Nov] .....	25
Ministry Stresses Need To Control Cotton Yarn Output [Beijing Radio] .....	25
Auto Industry Scores Record Growth [CHINA DAILY 4 Dec] .....	25
Heavy-Duty Truck Production To Increase [XINHUA] .....	26
More Key Projects Go Into Production in Henan [XINHUA] .....	26
Industrial Output Value of 13 Cities Jan-Oct 1991 [CEI Database] .....	26

#### LABOR

Article on Unemployment Insurance Reform [JINRONG SHIBAO 28 Oct] .....	27
Sharing Social Security System Cost Burden [JINRONG SHIBAO 21 Oct] .....	28
Establishing Rural Social Insurance System [JINRONG SHIBAO 4 Oct] .....	29
Female Model Workers Endure Hardship [GONGREN RIBAO 8 Oct] .....	30
Zhejiang Adopts Policy To Reform Enterprise Labor [ZHEJIANG RIBAO 24 Nov] .....	32

#### TRANSPORTATION

Anhui Factory Develops Improved Freight Train Wheel [XINHUA] .....	33
--	----

#### AGRICULTURE

Official Comments on Growth of Feed Industry [XINHUA] .....	33
Stabilizing Supply, Demand for Shanxi Cotton [JINGJI WENTI No 8] .....	34
Government To Emphasize Support for Agriculture [NONGMIN RIBAO 11 Oct] .....	36
Agronomists Develop New High-Quality Cotton Strain [XINHUA] .....	36
Heavy Farm Machinery Sales on Rise [CHINA DAILY 1 Dec] .....	37
Fruit Output in 1991 To Exceed 20 Million Tons [XINHUA] .....	37
Agricultural Bank Helps Disaster Areas [XINHUA] .....	37
Successful Year Expected for Animal Husbandry [XINHUA] .....	37
Rubber Production Rated as Fourth-Largest in World [XINHUA] .....	38
Applying Science, Technology Boosts Agriculture [XINHUA] .....	38

Bumper Grain Harvest in Heilongjiang Despite Floods	[NONGMIN RIBAO 8 Oct]	38
Xinjiang Region Exports Livestock to USSR	[XINHUA]	39
Ningxia Has Good Harvest Despite Natural Disasters	[NINGXIA RIBAO 30 Oct]	39

## **SOCIAL**

Sociological Impacts of Changing Perception of Sex	[SHEHUI No 80]	40
--	----------------	----

## **MILITARY, PUBLIC SECURITY**

Gulf War Reconnaissance Lessons	[XIANDAI BINGQI No 9]	43
Winter Conscription Work in Full Swing	[XINHUA]	47

## **REGIONAL**

### **NORTH REGION**

Hebei Government's Short-Term Work Tasks	[HEBEI RIBAO 6 Oct]	48
--	---------------------	----

### **NORTHWEST REGION**

Ideas To Put Zip Into Sagging Collective Economy	[XINJIANG RIBAO 15 Oct]	50
--	-------------------------	----

## **TAIWAN**

Editorial on Establishing Gold Certificate System	[CHING-CHI JIH-PAO 23 Oct]	53
---	----------------------------	----

## **HONG KONG, MACAO**

CPC Views Class Structure	[TANGTAI No 7]	55
Sources of Campaign Funds in Recent Elections	[MING PAO 23 Oct]	55
United Democrats in Financial Trouble	[MING PAO 25 Oct]	56

## NATIONAL AFFAIRS, POLICY

### Article Assesses Causes of Inflation

HK0412083391 Beijing JINGJI YANJIU in Chinese  
No 10, 20 Oct 91 pp 53-56

[Article by Lin Jiken (2651 4949 5146) of Northeast University of Finance and Economics, edited by Wu Ming (0702 2494): "Rethinking Several Inflation Issues"]

[Text] China's practice of socialist economic construction, as well as the experience of other socialist countries, indicates that the traditional theory on inflation was incorrect, or was not absolutely correct. In other words, the original theory became outdated and inapplicable because of changes in objective economic conditions. Thus, we must work out a new theory to cover practice.

#### I. Causes of Inflation

According to the traditional theory of socialist economy, inflation was caused by private ownership. Therefore, it was inevitable that it must occur in capitalist countries and was not found in socialist countries where the private ownership of production means had been eliminated and replaced by socialist public ownership. Influenced by this theory, socialist countries attached little importance to inflation in their economic activities. They even denied its existence in their countries. This attitude did not tally with the actual situation. Judging from realities, inflation is a common occurrence in socialist countries. In addition, the currency of a given country is stable in certain periods and at other times is affected by inflation. For example, our currency was rather stable during the period of restoring our national economy, the First Five-year Plan, and the period of readjusting our national economy between 1962 and 1965. But our currency became unstable and inflation occurred at other times. Obviously, the stability of a currency is an issue which not only relates to the social system.

Furthermore, the situation varies among capitalist countries. In the short run, the inflation rate of a specific capitalist country is rather low. For example, the inflation rate of West Germany was low in the 1970's, varying within the range of 2 to 7 percent. The rate is rather high in some socialist countries. Traditional socialist theory analyzed the causes of inflation only from the perspective of the social system. It therefore could not explain the above facts. Western economists, when analyzing the causes of inflation, avoided doing it from the perspective of social system. In addition to studying the economic situation in different periods, they stressed the influences of economic and monetary policies on inflation. They attempted to study inflation by ignoring the social system. Again, this did not tally with the actual situation.

But then, is inflation caused by the social system or by the wishes of government? Or judging from a fundamental point of view, is it a result of objective or subjective conditions? I hold that inflation is the result of both objective and subjective conditions. While it is closely related to social system, it is brought about by the economic policies of a given country. The socialist system does not guarantee that the currency will be stable. But it may stabilize the currency and provide objective conditions for avoiding inflation. The major aspects of the conditions are: First, the socialist public ownership of the means of production offers an extensive possibility for developing productive forces and may promote a continuous steady growth in the national economy, thereby providing a material basis for stabilizing the currency and avoiding inflation. Second, the socialist planned economy helps strengthen macroeconomic control and readjustment, promotes a balance in society between aggregate demand and aggregate supply, and maintains the objective need that the monetary supply should conform with economic growth, thereby avoiding inflation. Third, banks are controlled by the state, which can maintain a planned circulation of currency through monetary policy. By putting more currency into, or withdrawing currency from, circulation, the state may make flexible use of interest rates to readjust the capital market, control the overall scale of credit, and stabilize the currency, thereby avoiding inflation.

However, the socialist system only offered an objective possibility for avoiding inflation. The key to turning such an objective condition into a subjective one rested with a correct economic development strategy, economic policy, policymaking, and economic planning by the state. Decisions on these matters were made according to the wishes of government and were a result of subjective initiatives. Therefore, it became a subjective condition. The economic development strategy was a major condition among them. This was because it played a special economic and financial role. First, it played a decisive role. This was because the economic development strategy determined the guiding ideology for, and the goal of, economic development, as well as the focal point and steps of economic development, major economic principles, policies, and measures for realizing the strategic goal. Therefore, it played a decisive role in either stabilizing the currency or promoting inflation. Second, it affected the situation as a whole. The economic development strategy was an issue concerning the situation as a whole. We should study overall economic development, rather than any particular part. Monetary finance was a part, or a domain, of the economy. It was determined by economic development as a whole. When overall economic development was fine, it was easy to maintain a stable currency. Otherwise, inflation was inevitable. Third, it had a long-term effect. The economic development strategy not only determined current economic development, but also goals that we expected to realize in the long run. It was therefore an assumption about the future made upon analysis in

accordance with realistic, historical, and other conditions and factors. Such an assumption determined economic development at present and in the future. Therefore, it affected various conditions and factors which determined whether the current and future currency would be stable. After the founding of the state, China experienced inflation on several occasions. They were the result of the implementation of erroneous economic development strategies. Such traditional economic development strategies took high-speed development as the major goal of economic development, focused on extensive development, and regarded the development of heavy industry as the absolute and constant focal point of economic development. After summing up our experiences and correcting our mistakes in this respect, we implemented the correct economic development strategy. Therefore, inflation was checked, and currency became stable.

## II. Essence of Inflation

Both Western economic theory and Marxist theory share a common understanding in respect of the essence of inflation. They hold that inflation is a redistribution of national income. But how did it redistribute the national income? The analysis of the two theories differed in this respect. Western economists analyzed the redistribution from the perspective of relations between debtor and creditor. When there was inflation, creditors sustained losses. This was because interest on loans could not make up for losses caused by inflation. On the other hand, debtors made a profit because the value of loans had dropped when it matured. Some capitalists made profits when the production and operation costs of commodities increased. But other capitalists sustained losses when neither the production nor operation costs of commodities increased. Older workers in enterprises sustained losses in pensions because of devaluation. While this also applied to the wages of young workers, it affected them less because the growth rate of their wages generally exceeded the inflation rate, and so forth.

The most critical point with respect to Western economists' analysis about the redistribution of national income caused by inflation is that it ignored the class factor. Therefore, although the economic theory of the West understood that the essence of inflation was a redistribution of national income, it failed to realize the essence of inflation in a class society. In a class society, the bourgeois economists only understood the relations between things, which is a limitation of bourgeois economics. But Marxists realized the relationship between classes.

It is of great importance to study the essence of inflation under the socialist system. Inflation exerts different or even distinct influences on various social strata. Workers, cadres, and intellectuals are among the first victims of inflation. This is because the nominal wages of workers are increased only after a long interval, once a year or once in several years. In addition, the growth rate is minimal. But the growth of prices is frequent and the

rate is sharp. As a result, the real wages of workers, cadres, and intellectuals drops. This is a serious consequence of inflation. They sustain losses in three aspects. First, they lose when they purchase commodities. As a result of price rises, they need to pay more than before for the same commodity. Second, their interest on savings is low compared to the sharp price rises so that the interest rate is negative. Consequently, residents sustain losses in their savings deposits because of inflation. Third, as an absolute majority of cash in circulation is in residents' hands, they sustain losses in respect of their cash in hand when prices rise, because of devaluation.

Speculators and "official speculators" make profits when there is inflation. If such inflation continues for a long time and the rate is high, both of them make big profits and there will be more low-income earners in urban areas and poor households in rural areas. Polarization thus develops, and stability will be adversely affected. Historical facts in China and abroad have proven that serious inflation gives rise to political turbulence.

In order to prevent the redistribution of national income caused by inflation from adversely affecting various social strata, we must limit the inflation rate to the following objective dimensions.

First, the inflation rate should not be higher than the growth rate of wages. Within such objective dimensions, workers, cadres, and intellectuals may have their living standards improved though they will continue to sustain economic losses caused by inflation. Therefore, the overall situation will become stable. Otherwise, their actual living standards will drop and the masses will be discontented.

Second, the inflation rate should not be higher than savings interest rates. Within such objective dimensions, the masses may receive interest on their bank savings as income, and the economic life of society will become rather stable even though prices may rise to such a level that the masses cannot pay for certain commodities. Otherwise, the stable economic life of society will be adversely affected, because the more money they deposit the less value it has.

Third, the inflation rate should not undermine the people's minimum living standards. In China, there are still people who have problems in finding adequate food and clothing. We must prevent their living standards from being undermined by inflation and prevent their proportion from increasing. Otherwise, this will not only be an economic issue, but a grave social issue also.

## III. Measures for Fighting Inflation

Inflation means that the national economy is in an unhealthy state. As various countries differ in terms of specific stages and conditions of economic development and causes of inflation, we must sum up our experiences and work out corresponding measures according to our national situation and in view of its causes.

Inflation is also a global issue. We can thoroughly understand our problems only when we study and analyze it on a global scale and draw lesson from other countries. Although our standpoint, viewpoint, and theory are different from those of Western economists, we share similarities in many areas concerning the settlement of actual economic and financial problems. For example, when handling inflation, we may make reference to their means and measures, which mainly include the following:

First, we should uphold that the economy should develop in a continuous and stable manner. Our experience over the past 40 years or so has repeatedly proven that we must uphold, in order to avoid economic fluctuations and taking a winding course of development, that the economy should develop in a continuous and stable manner. Though it seemed that the pace of development was slow, it was actually developing more quickly. We understood this through our bitter experience and by paying a hefty cost. Experience in many other countries has also proved that the currency can only become stable and inflation avoided when the economy develops in a continuous and stable manner, when we insist on developing the economy on the basis of stability, and when we put stability before development.

Second, we should make use of monetary policy. By putting more money in, or withdrawing money from, circulation, we may sometimes check economic development. In other words, we should withdraw money from circulation when the economy becomes overheated and appropriately put more money into circulation when readjusting the economy. We should avoid repeating acts done during the "Great Leap Forward" period in 1958. When putting money into circulation, we should grant loans to such areas where they are needed and at such a scale as they are required. When readjusting the economy, we should not "indiscriminately" withdraw money from circulation.

Third, we should make use of fiscal policy. When there is inflation, many countries often adopt a fiscal policy of austerity. They cut government budgets, limit investment in public utilities, increase tax revenues, issue bonds, reduce fiscal deficits, and reduce the issuance of currency. Some years ago, China's theoretical circle misunderstood that Western countries advocated that "fiscal deficits were useful" and that "inflation was useful." There was even a proposal that we should import them. In fact, this was an illusion. The viewpoint that "fiscal deficits were useful" and that "inflation was useful" has become outdated even in the West. Both people of insight and open-minded people in authority in the West, advocate the stability of currency and balanced fiscal revenues and expenditures. These countries cannot eliminate their fiscal deficits or inflation simply because they are deeply affected by economic contradictions.

Fiscal policy and monetary policy are two major policies in a commodity economy for controlling aggregate demand in society. The two must dovetail with each

other. In the light of economic conditions in different periods, we should adopt austere fiscal and monetary policies or relaxed fiscal and monetary policies, or a combination of both in order to achieve the best results. In China, however, the two often contradict and offset each other. Therefore, we must take care and avoid this.

Fourth, we should make use of pricing policy. When inflation becomes rampant, many Western countries adopt price control policies to fight it. Large capitalists are restricted from monopolizing or hiking prices. Most public utilities, including transport, electricity, telephone, gas, and telecommunication, are given price ceilings. In a commodity economy, it is not the case that all price controls by government are unnecessary.

Fifth, we should make use of revenue policy. The policy governs wages through various means. It checks demand and reduces costs. Inflation fuelled by costs is an independent cause of inflation. Western countries attach great importance to the control of wages. They take rational increases of revenue as important measures in fighting against inflation. One major aspects is that it checked that the growth of wage rates did not exceed that of productivity. This helps check consumption and demand inflation.

Inflation is caused by an unhealthy national economy. While there are causes for such unhealthiness, it is often accompanied by knotty and complicated problems. In implementing measures, we must make them dovetail with each other and handle them in a comprehensive manner.

#### **New Enterprise Organizational Form**

*HK2910092691 Beijing LIAOWANG in Chinese No 38, 23 Sep 91 pp 16-17*

[Article by Du Ying (2629 7751): "Shareholding Cooperative Enterprises—New Enterprise Organizational Form"]

[Text] Editor's note: After enjoying the enormous reform results from the contract responsibility system on a household basis with remuneration linked to output, vast numbers of peasants in China are beginning to gather together the idle funds in their hands and their surplus labor to once again organize business activities on their own initiative. In this way, large numbers of economic entities called "shareholding cooperatives" have emerged. Most are enterprises jointly run by three or more households with production elements as shares, including funds, goods, technology, labor, and land. Since this kind of enterprise has a relatively complicated pattern, it is obviously more advanced than the individual economy while being different from the traditional collective economy. Therefore, economic circles have always held different views on the nature, forms of organization, distribution system, and development prospects of shareholding cooperative enterprises. Nevertheless, as another invention by peasants in China, the

shareholding cooperative enterprise is continually developing throughout the country. Its development in Shandong, Anhui, and Zhejiang Provinces have particularly drawn people's attention. According to estimates and calculations by relevant departments under the Ministry of Agriculture [MOA], by the end of last year there were 980,000 enterprises jointly run by peasants across the country, employing 8.14 million people and with an output of 72.7 billion yuan. Of these enterprises, most were shareholding cooperative enterprises. They have become an important force in China's township and town enterprises and rural economy. Since last year, the MOA and some local governments have promulgated similar regulations to guide and standardize the development of shareholding cooperative enterprises. Last summer, over 150 experts, scholars, and leading cadres engaging in actual work from the CPC Central Committee and the State Council's relevant ministries and commissions, research organizations, universities, and colleges in all parts of China gathered in Wenzhou to discuss and explore this kind of new economic pattern. All participants unanimously agreed that there was a profound economic and social significance behind the shareholding cooperative economy and that this was an economic phenomenon that must not be overlooked. This magazine selectively carries the views of Du Ying, Dong Fureng [5516 6534 4356], and Wang Jue [3769 3778] on this question and offers them as a reference for readers in studying the shareholding cooperative economy.

Many people feel strange about the term shareholding cooperative enterprise. However, as far as its nature is concerned, it is nothing new in rural areas. During the early 1980's when the system of contract responsibility system on a household basis with remuneration linked to output was practiced, and especially in the ensuing years when the rural industrial structure was being readjusted, enterprises with a combination of funds and labor as their main components began to emerge and were later extensively developed. Some of these enterprises were former commune- or brigade-run enterprises which changed their assets into shares; some were those whose shares and labor were added by peasant households; and others evolved from individual or private enterprises. Although they appear in different forms, they have a common characteristic in that they apply the mechanisms of the joint stock system and have the contents of the cooperation system, thus being called "shareholding cooperatives."

Since 1987, in the three rural-reform experimental areas of Shangdong's Zhoucun, Zhejiang's Wenzhou, and Anhui's Fuyang, people have devoted themselves to exploration on the shareholding cooperation system while centering on improving township and town enterprises. They have accumulated large amounts of experience, thus offering a basis for formulating corresponding policies and legal provisions. In February 1990, the MOA promulgated the "Provisional Regulations Regarding Peasants' Shareholding Cooperative Enterprises." This symbolizes that these kinds of enterprises

are developing from a self-initiated stage to a standardized and institutionalized stage. So far, it is estimated that the proportion of shareholding cooperative enterprises in the country's township and town enterprises accounts for over 10 percent, thus becoming an important form of economic organization.

#### **"Shareholding Cooperation" Is an Invention by the Broad Masses of Peasants**

Theoretically speaking, the joint stock system differs from the cooperation system. Therefore, whether we apply the classic theories of the joint stock system or those of the cooperation system to these enterprises, we feel that they do not "completely fit" them. However, once we have a deeper understanding of the background of these enterprises, it could easily be found that they are inevitable and reasonable.

The emergence of shareholding cooperative enterprises can roughly be traced to two main reasons: The first is that introduction of the joint stock system into collective enterprises in rural areas. This was aimed at resolving the problem of how to effectively manage the assets of original collective commune- and brigade-run enterprises after the contracted responsibility system on a household basis with remuneration linked to output has been reformed and administrative institutions and communes have been separated. Obviously, these assets cannot be offered for contract by separate households in the same way as land, still less can they be fully distributed or used up. Therefore, this urgently demands a form of economic organization which corresponds to the basic rural operating system. While having factory directors or all persons to contract on the assets not only ends up with loose ties among peasants in a community but also easily gives rise to the short-term behavior of production enterprises. Therefore, some localities have adopted the mode of changing assets into shares. They determine, on the basis of clearing property and reexamining assets, share rights according to the original source of how the assets were obtained and offer share rights to village collectives, peasant households, enterprise staff and workers, and relevant investors. While the nature of the enterprise remains unchanged, its property rights have become more clearly determined. Peasants call this "shareholding cooperation" and use it to contrast with the traditional collective enterprise. Shareholding cooperative enterprises in the Zhoucun experimental area basically fall into this category.

Another situation is that some family, joint-household, or individual partnership enterprises are changing toward shareholding cooperative enterprises. They do this mainly to alleviate the contradiction that the scale of operation is increasing and does not correspond to the original sizes of enterprises. In the preliminary stage of township and town enterprises, the emergence of low-level excessive competition, poor enterprise internal management, and the absence of rules is unavoidable. But, as market competition is becoming increasingly

acute and the scale of enterprises is enlarging, the above-mentioned problems will create obstacles to enterprises' progress, thus calling for enterprise system reform. Under this pressure, adopting the pattern of shareholding cooperation to combine the elements of production all over again and introducing new system standards is the common choice of these enterprises. The Wenzhou experimental area is fairly representative of such a trend of change. We can see from this that it has not been accidental that shareholding cooperative enterprises have come into being and developed. They have not come from any tried pattern but are, in fact, an invention by vast numbers of peasants. It is a product from during the deepening of the rural reform and when the rural commodity economy was developing. What is particularly noteworthy is that as an evolutionary trend in the pattern of enterprises, it meets the general demands on enterprise structure by the development of the commodity economy and reflects the pursuit of common prosperity, a social aim of the people.

#### **It Has Become an Independent Enterprise Pattern**

The basic characteristic of shareholding cooperative enterprises with regard to their industrial structure, is that they adopt the joint stock pattern to clearly determine who should have enterprise property rights. Moreover, they have an inseparable portion of common accumulations. They recognize the returns from the input of various elements and, at the same time, fix and limit the ratio of post-tax profit accumulations and dividends. As for operation and management, they recognize that share rights determine the rights and interests while, at the same time, having the general participation of staff and workers. This does not mean that one share entitles a person to one vote, nor is it true that each person has a vote, etc. These characteristics distinguish shareholding cooperative enterprises from joint-stock enterprises in the general sense and from collective enterprises in the traditional sense. They also differ in nature from typical private partnership enterprises.

Observing the shareholding cooperative enterprises from the angle of the system of ownership, we see that they have, more or less, introduced the pattern of the cooperation system during the process of their formation, although their internal structure is rather complicated. In addition to economic needs, peasants have long been influenced by socialist education and by the entire social system, while the guidance of the government has also played an important role. Since the government has strengthened guidance, shareholding cooperative enterprises will become increasingly standardized. In their future development, some of these enterprises will probably select the joint stock system or the cooperation system to standardize themselves. But even at that time, the shareholding cooperative system will continue to be one of the many organizational patterns of township and town enterprises. Therefore, as a kind of independent enterprise pattern, the shareholding cooperative enterprise can be set up. Further discussion on the question of

how to determine the policy boundary of the nature of the system of ownership is possible.

#### **Their Development Is of Great Immediate Significance**

Judging from practice in all localities, development of the shareholding cooperative enterprise has just begun and vast numbers of peasants are very willing to accept it. Its advantages are very obvious: First, it enhances an enterprise's ability to raise funds and it is favorable to mobilizing funds in society, particularly in changing consumption funds to production funds. Second, it breaks down the community barriers and willful departmental obstacles, to facilitate the circulation of an enterprise's various elements and promote horizontal economic merger. Third, since property rights are clearly determined and interests are direct, it is possible to resolve the problem of an enterprise's internal award mechanisms and self-supervision. Fourth, that share rights determine the rights and interests helps very much to standardize the behavior of village administrative organizations. Practice in all localities shows that the shareholding cooperative system has considerable inclusiveness and universality. It not only suits various kinds of township and town enterprises, it is now being promoted in forestry and orchard running and management and in comprehensive development.

Developing the shareholding cooperative system is of great immediate significance today. The rural policy has brought into existence a set-up in which a variety of economic sectors and operating modes exist in rural areas. The contract responsibility system on a household basis with remuneration linked to output has brought economic surpluses to peasant households. These are the basic conditions for maintaining the vitality of the rural economy. Against this background, how to develop and strengthen the collective economy, resolve the problem of the scattered aspect of small-scale production without infringing on, or even exploiting, the property rights, interests, and democratic rights which peasants have obtained, and without repeating "turning private property to public," are undoubtedly very important and immediate policy issues. In this respect, practice through the shareholding cooperative system offers us an appropriate choice. It avoids the weakness of combining property and sharing labor when it comes to cooperation, yet gathers together scattered elements of production, builds up a new operating scale more quickly, and accumulates common property. As far as its significance is concerned, we say that the shareholding cooperative enterprises have found a new way of development. It is not only significant to the deepening of the rural reform, but also serves as a reference for city reform and state enterprise reform.

#### **Noted Economists Attend Conference, Discuss Theories**

92CE0139A Beijing JINGJIXUE DONGTAI  
[ECONOMIC DYNAMICS] in Chinese  
No 8, 20 Aug 91 pp 3-8

[Article by Zhao Tianxiao (6392 1131 2556), edited by Gu Zhen (0657 4631): "Beijing Economists Hold Conference To Discuss Certain Key Economic Theories"]



[Text] In order to uphold and advance Marxist economic theory, carry out the "double hundred" policy (of letting a hundred flowers blossom and a hundred schools of thought contend), eliminate the ideological influence of bourgeois liberalization, and promote the science of economics, the Economics Institute of the Chinese Academy of Social Sciences (CASS) invited over 30 economics specialists and scholars from Beijing research institutes, state organs, and colleges and universities to a conference on 4 July 1991 to discuss certain key current economic theories. The participants included (in order of number of strokes in Chinese character surname) Yu Zuyao [0060 4371 1031], Wei Xinghua [5898 5281 5478], Wang Jue [3769 3778], Deng Yingtao [6772 5391 3221], Li Yining [0632 0110 1337], Liu Guoguang [0491 0948 0342] (CASS vice president), Liu Fuyuan [0491 4395 0997], Song Tao [1345 3447], He Wei [0149 0251], He Jianzhang [0149 1696 4545], Li Maosheng [2621 5399 3932], Li Chengrui [2621 2052 3843], Li Jingwen [2621 0079 2429] (director of CASS Quantitative and Technical Economics Institute), Wu Jinglian [0702 2417 8834] (executive director of State Council Economic, Technological, and Social Development Research Center), Zhou Shulian [0719 0647 5571] (director of CASS Industrial Economics Institute), Zhou Mingjun [0719 2494 0193], Yang Shiwan [2799 2514 2489], Chen Jiyan [7115 0679 0337], Zhang Zhuoyuan [1728 0587 0337] (director of CASS Finance, Commerce and Commodities Institute), Hu Daiguang [5170 0108 0342], Xiang Qiyuan [7309 0769 3293], Xiao Liang [2556 0081], Huang Fanzhang [7806 5400 4545], Fan Gang [2868 4854], and Dai Yuanchen [2071 0954 2525]. The conference was chaired by CASS vice president Liu Guoguang. The theories discussed are summed up below.

## I. Ownership and Our Form of Public Ownership

### 1. The Defects in Our Current Form of Public Ownership

The participants noted the following: The crux of our inability to invigorate large- and medium-size state-owned enterprises, which have a lot to do with the fate and well-being of socialism, lies in our form of public ownership. While the form of state ownership is undeniably superior, the crux of the problem is in the possession and control of public property. These areas contain the following severe problems, which involve the form of public ownership: 1) Our current form of state ownership is characterized by separatism, administrative monopoly, and unitary possession. As our state-owned property is under the specific control of various departments and localities, and is the responsibility of administrative leaders, which replaces ownership with administration, our system of state ownership has become a closed one. Our state-owned property being carved up administratively, having a unique style of being either large and complete or small but complete, and having developed in the direction of a natural economy, all run counter to the demands of socialized large-scale production and commodity economy. Thus, while our public ownership is social in nature, superior, and consistent

with the orientation of our productive forces, its specific form is contrary to socialization in that it runs counter to both the objective demands of developing the productive forces, as well as to the essential demands of public ownership. 2) Such a form of possession has turned our enterprises into subsidiaries of various administrative organs, left them in a product economy system, and made it impossible for them to become commodity producers and managers. As government departments represent property, enterprises are the management units, and managers are necessarily subordinate to owners, the owners will certainly interfere in enterprise management decisionmaking in their own interests, which makes separation of enterprise management from government administration impossible.

### 2. The Features of State Ownership in the Initial Stage of Socialism

The participants pointed out the following: While the essential demands of state ownership are basically consistent with Marx and Engels' interpretation of social ownership, as socialism in China is still in the initial stage, in which socialist state-ownership is still immature, undeveloped, and imperfect, it has the following features: 1) Our current state ownership is a system containing both publically owned economy relations and commodity economy relations, in which public ownership relations must be realized through commodity economy relations. 2) It still carries collective factors, in that peasants do not take part in state-owned labor and distribution. 3) Products must pass market tests in order to be transformed into social labor. 4) It does not possess all of the social means of production, because it coexists with collective ownership and various nonsocialist economic forms.

### 3. Thoughts on Ways To Reform Our Form of Public Ownership

The participants presented their respective views on our form of public ownership, which can be summed up mainly in the following three areas:

1. A new form of public ownership: This must first be suited to the level of our productive forces and our objective social demands, by reflecting the features of the essential demands and current stage of our state ownership. The major reason why the top two grades of state-owned enterprises that have emerged through reform have a lot of vitality, good economic efficiency, and a better display of the superiority of state-ownership, is that they conform to these two basic demands. For instance, Capital Steel has acted according to the principle of combining rights, duties, and interests, by establishing a complete contract management system, and forming a scientific and strict management system; relied wholeheartedly on the working class, in order to enhance its democratic management; reformed its personnel and wage systems, by breaking away from "all eating out of one big pot" and "iron rice bowls"; persisted in self-reliance and S&T advances, by taking

active steps to assimilate advanced foreign S&T and management expertise; enhanced its ideological and political indoctrination focused closely on enterprise production and management; and practiced strict party control, by strengthening its party organizations and bringing the key role of party organs into full play.

2. Social ownership: The participants pointed out the following: Social ownership is based on highly developed productive forces and socialized large-scale production, and is suited to the needs of socialized large-scale production. Socialized possession of the means of production is consistent with socialized production. As such ownership no longer has people representing a certain class in possessing the means of production, but rather the social collective as the representative of the owner of the means of production, Marx sometimes called it "collectively owned public ownership." Social ownership is also undergoing a process of development. China already has the following elementary forms of social ownership: 1) assets generated through enterprises "changing from appropriations to loans"; 2) assets generated through enterprises using their own funds; 3) so-called collective enterprises run by the local people; 4) collectively owned enterprises. The transition from state ownership to social ownership should separate concerned government departments from enterprises, help enterprises escape from their subsidiary relations with the government, and be a model pattern for "changing from appropriations to loans." Reforming our management of accumulated assets through "changing from appropriations to loans," could change all state investment in enterprises to bank loans, and put generated assets on an equal footing with accumulated ones.

3. A public shareholding system: Some comrades commented as follows: The model pattern for China's large- and medium-sized enterprises in ordinary industries (competitive industries) should be a shareholding system. The state should control the shares, with enterprise participation, and then assimilation of individual shareholders. Premised on public share control, enterprises could be transformed into public shareholding enterprises. Under such a mostly public shareholding system, state property administrative departments and all publically owned enterprises would assign their own delegates to form boards of directors, which would control the business ownership. The major investors in the boards of directors would be bound to make decisions based on their respective interests, in order to improve their investment returns. Currently state-owned enterprises could maintain their state and public ownership unchanged, while changing their specific form. State property could be moved from centralized management by one organization to decentralized management. There could be many types of business units, such as share-control companies, large enterprise groups, and investment corporations. The more decentralization, the less share in state property and risk per unit. The economic relations between managers and administrators would be delegated management, with managers

being required to give 10-15 percent of their profits to state property administrators, who would represent the ultimate ownership of public property. Two problems that must be solved are: 1) microeconomically, enterprise property rights and duties, i.e., their business and corporate ownership, must be clarified, and 2) the administrative form of management must be eliminated and replaced with centralized administration of public property. This would separate property ownership from government macroeconomic regulation and control. Whether state property administrative organizations would be under the control of the State Council or the NPC Standing Committee, could be further discussed.

## II. Economic Operating Forces That Combine Planned Economy With Market Regulation

### 1. Reform Objectives for Economic Operating Forces

Some comrades pointed out the following: Our economic reform task is not to simply patch up our traditional economic operating forces, but rather to establish new ones, whose impact can be relied on to gradually harmonize our economic and industrial structures and give us a more rational disposition of resources. Such a difficult task means that we must first clarify the close link between the difficulties that we have run into in adjusting our industrial structure and our form of public ownership. As new economic operating forces are inseparable from a suitable form of public ownership, we can only rationalize our industrial structure gradually by deepening our economic reforms and establishing a form of public ownership that contributes to a rational disposition of resources.

Our former model pattern for economic operating forces reform could be generalized as "state regulation of markets, and market guidance of enterprises." The major defect in this generalization was that it was only a dominant pattern, but not a comprehensive one that could cover the whole society. It oversimplified the process of establishing a new system, because it was unrealistic to think that the framework of a new system could be established in one year in 1990. "State regulation of markets, and market guidance of enterprises" is a major aspect of economic operating forces. But the following two supplemental aspects are needed: 1) direct state administration of a few key projects, special enterprises, and certain commodities; 2) complete market regulation of certain small enterprises and minor commodities. This would enable the role of planning and markets to cover the whole society. Thus, this pattern generalization can be regarded only as a dominant pattern, as which it is correct.

### 2. Combining Planned Economy With Market Economy

1. While discussing the relations between planning and planned economy, and between markets and market economy, the participants pointed out the following: 1) Capitalism has planning, and socialism has markets. These are objective facts. While socialism contains a

commodity economy and naturally markets, even bourgeois economists note that capitalist planning cannot be equated with socialist planning, "because there are huge differences in these two economic systems." When we began to speak of "a great centralized socialist market" in the 1950's, we confirmed that planning and markets exist and play a role in both socialist and capitalist countries. This is not a matter that we have only come to understand gradually through deepening of reform, but rather a further deepening of our previous understanding. 2) Planned economy is one of the basic features of our socialist economy, and is part of our economic system. Confusing planning with planned economy would be bound to lead to the following two theoretical biases: 1) it would blame the losses that we sustained from faults and defects in our previous planning on, and thus play down or even negate, planned economy. 2) It would regard capitalist economic planning as planned economy, and thus deny that planned economy is a basic feature and superiority of the socialist system. Similarly, markets do not equate to market economy.

2. Whether planned economy can be combined with market economy: Some comrades pointed out the following: While academic circles have always debated this issue, they should now focus their studies on how to combine the two, i.e., the basis, substance, aim, conditions, focus, and point of combination. This theoretical issue involves how to guide and orient this combination, the principles with which to resolve combination conflicts, as well as operational matters. The basis of combination cannot be, as advocated by some, the law of value, which reflects the one aspect of commodity economy relations alone. Although planned regulation must also reflect the demands of the law of value, macroeconomic regulation in planned economy must reflect more regularly the demands of public ownership and the laws of planning. The point of combination cannot be, as advocated by some comrades, guidance planning, which is now a fruitless effort. What can now be seized on is stronger directive planning of markets, i.e., stronger market planning based on markets, and stronger planned guidance of markets.

The current priority task in combining the two is to push forward vigorously with reform, in order to create the objective conditions for combining planned economy with market regulation. That is, we must define the dominant standing of enterprises in markets, establish and perfect a market system, and bring into full and normal operation the role of market regulation forces, such as competition and price mechanisms.

### III. Individual Income Distribution

The participants noted the following: A great change has occurred in the individual income distribution order of China's urban and rural residents since we began to reform and open up to the outside world. The household responsibility system of linking remuneration to output that we have practiced in the rural areas has changed our equalitarian distribution form of calculating workpoints

on the basis of work done, and put into effect a distribution method of more pay for more work and vice versa, in which "an adequate amount is paid to the state, a sufficient amount is retained by collectives, and all of the rest is one's own." And our resumption of piece rate wages and bonuses in the cities, which reformed our wage system, has separated our enterprise wage system from that in government organizations and institutions. The structured wage system practiced by the government, and the method of linking enterprise payrolls to economic efficiency, have alleviated to a considerable extent the defects in our past wage system of "low wages, equalitarianism, confusion, and overcontrol." Since we began reform pilot projects in contracted and leased management and shareholding in particular, we have adhered to the principle of distribution based on management success and input of key production factors. In studying ways to combine socialist individual income distribution theory with practice during the initial stage of socialism, we have actively explored a new distribution order of mostly distribution according to work in coexistence with diversified forms of distribution. In particular, we have gained a new understanding of the impact of commodity economy factors, such as the law of value, on distribution according to work. As all of these are advances in Marxist distribution theory, a new income distribution order is in the process of being explored and evolved;

Our greatest current problem in individual income distribution is unfair income distribution, which is expressed mainly as follows: 1) Equalitarian distribution is becoming increasingly severe within our public ownership system. Problems, such as no extra pay for extra work, and timidity in widening income distribution gaps, are the major income distribution trends, which are caused by everyone getting a share of subsidies and bonuses. Our 1985 wage reforms shrunk the gap between various income grades. 2) Certain people having too high incomes outside of the public ownership system, have caused excessive income disparities, and aroused widespread mass discontent. The key current expressions of urban income distribution unfairness are income imbalances among various industries, individual incomes being too high in certain industries, and too high incomes for contractors of leased enterprises, staff members and workers in some joint ventures, some self-employed workers and operators of private enterprises, some people with second jobs, and some reemployed retired workers. Another key income distribution problem is that the incomes of staff members and workers are composed increasingly less of basic wages, and increasingly more of gray income areas, such as bonuses and material objects. In 1989, 43.3 percent of state-owned unit payrolls were composed of bonuses and subsidies, not including extra-payroll items.

Tax collections can be used to regulate the excessive incomes of self-employed workers and operators of private enterprises. We should limit, crack down on, and suppress both official and private corruption in our society.

#### IV. Certain Issues in the Current Practice of Marxist Economic Theory

##### *1. What Is Capitalist and What Is Socialist in the Process of Reform and Opening Up?*

The participants were unanimous in noting that reform and opening up is aimed at developing and consolidating, but absolutely not at weakening, socialism. As to the relative complexity of each individual policy measure, some comrades noted the need to consider and differentiate varying conditions within the general context as follows: 1) While certain specific methods may have been considered capitalist, as they still contribute generally to socialist economic prosperity, they can be called "socialist." For instance, while the authors of Marxist classics called commodity economy capitalist, and we felt this way in the past also, our current understanding is that commodity economy can also be called socialist. The essential distinction between capitalist and socialist is whether it is based on private or public ownership. 2) Things that were originally called capitalist can be called socialist if they contribute to the general interests. For instance, while the form of shareholding enterprise that was created and developed in capitalist economies used to be called capitalist, it can be called socialist when transferred to socialist economies that are based on public ownership. 3) While certain links, such as wholly foreign-owned enterprises, may be called capitalist from a partial perspective, as developing wholly foreign-owned enterprises and introducing foreign investment contributes to socialism from an immediate economic perspective, they are things that we can put to use.

Other comrades indicated the following points that should be clarified in the capitalist-vs-socialist issue: 1) We must question whether reform and opening up is capitalist or socialist. Pulling a cart without regard for the road or the direction is bound to lead ultimately to the cart being overturned. 2) Things must not be called socialist or capitalist arbitrarily. We must neither regard noncapitalist and originally socialist things, such as distribution according to work, as capitalist, or stubbornly insist that nonsocialist and originally capitalist things, such as hiring of labor by private enterprises, are socialist. 3) We must not blur the theoretical distinctions between socialism and capitalism. 4) Questioning whether something is socialist or capitalist certainly does not exclude or negate everything about it. Certain capitalist things, such as a private economy and the three kinds of foreign trade enterprises, still exist legally in the initial stage of socialism.

##### *2. Adhering to and Advancing Marxism-Leninism, and Combating Bourgeois Liberalization*

The participants noted the following: The struggle between peaceful evolution and anti-peaceful evolution will be a protracted one in the course of socialist development. Recent world changes have led us to an even greater sense of the dangers of peaceful evolution. We are faced with the glorious task of adhering to and advancing Marxism. Translating this task into the particular field of economics means first carrying out firmly indoctrination and struggle against bourgeois liberalization as follows: 1) We must enhance our

understanding of the anti-bourgeois liberalization struggle and, in particular, understand the unity between anti-bourgeois liberalization and the "double hundred" policy. The basic premise of the "double hundred" policy is to advance Marxism and serve the development of our socialist spiritual civilization. Advice and suggestions on carrying out the "double hundred" policy should be premised on sticking to a socialist orientation. In this sense, the more we clarify the limits between the four basic principles and bourgeois liberalization, the more we help our masses of theorists to free themselves from old ideas, seek truth from facts, take a scientific approach in discussing theoretical and practical issues, and serve reform and opening up to the outside world. 2) Adhering to and advancing Marxism, as well as combating bourgeois liberalization, means accurately distinguishing bourgeois liberalization from mistakes in academic theory. This is an important and very difficult distinction. Bourgeois liberalization is a political concept, while theoretical mistakes are an academic and conceptual issue. Blurring this distinction would be bound to expand the struggle. This would not only be unprofitable, but might also be exploited by people with ulterior motives to increase doubts about and resistance to anti-bourgeois liberalization.

The participants noted the following specific manifestations of bourgeois liberalization in the field of economics: as capitalism is superior to socialism, or they are both products of socialized large-scale production, there is not an issue of one being superior to or replacing the other; as state ownership is shackling the development of our productive forces, and public ownership must be abolished to make reform work, we should go to total privatization or dividing up of state property among individuals; the coming of the new worldwide technological revolution and the evolution of the Western shareholding economy have dissolved the bourgeoisie and left capitalism no longer exploitative; as Marxism is completely obsolete, or the class nature and party character of Marxist politics and economics are basically negated, Marxism has become "a study in bureaucracy." To understand bourgeois liberalization accurately is to persist in protracted, unswerving, and firm indoctrination and struggle against it.

##### *3. The Current Application of the Marxist Standpoint That "Science and Technology" Are Productive Forces*

The participants noted the following: One of the key contributions of Marxism was that it truly discovered and affirmed that the productive forces are the most revolutionary factor, and pointed out that "science and technology are productive forces." Economic developments during the half century after the emergence of Marxism, and before World War II in particular, have fully proved this point. Comrade Deng Xiaoping's theses that "science and technology are the primary productive forces," is a highly generalized summary of the new trends and experiences in world economic and S&T development since World War II, and in the last decade in particular, as well as being an enrichment of and advance in Marxist doctrine on the productive forces. While our contributions of S&T advances to economic development have increased from an average of less than

10 percent during the first 30 years after the founding of the PRC to 30 percent since China began to reform and open up to the outside world, we have still not broken free from our situation of high input and low output, nor have we yet gotten onto the track of relying mainly on S&T advances to speed up economic development. Thus, having formulated a development strategy of "making China prosperous through S&T," used the productive forces as a standard for formulating and testing reform measures, and gradually increased our investment of funds in science, including natural, social, hardware, and software sciences, has had a great impact on our scientific policymaking and the development of our material and spiritual civilizations. Therefore, speeding up S&T advances to promote economic growth is a key task facing economic theorists and practitioners.

#### V. The Correct Way To Deal With Western Economic Theories

The participants pointed out the following: There are many ideas that must be clarified in order to deal with Western economic theories. Lenin said that "we must look at bourgeois science with open eyes, paying attention to, using, and dealing with it critically, without abandoning our own absolutely correct world view, ...," and that "when a person takes an unforgiveable stand or approach that deals with contemporary ideological trends' with closed eyes, it is obvious how far he has deviated from Marxism." These statements are a great help to us in establishing correct concepts. First, we should understand that Marxist economics has great vitality. Some thought for a time in the 1980's that (*On Capital*) was obsolete or had historical limitations, so could not explain contemporary capitalist economic realities or socioeconomic developments. But this is certainly not the evaluation of Marxist economics among foreign economists, who note that "(*On Capital*) still has vitality in theoretical circles." Some non-Marxists even say that "we must acknowledge that Marx certainly had extraordinary foresight about future economic development trends," that "(*On Capital*) is still the most important and penetrating theoretical critique of capitalism," and that "Marxist politics and economics are a guide for all people who are seeking to establish domination by the human species over development of the productive forces." They continue as follows: "While this is correct as far as the people in highly developed capitalist countries are concerned, and has been similarly proved to be true for those people who live in parts of the world that are economically undeveloped and exploited, Marxist economics is completely different from traditional economics in that it certainly does not provide automatic guarantees. While it has never raised extemporaneous hopes or provided panaceas, its importance as a methodology is that it grasps social realities, is strong enough to break away from them, and is universal as far as the needs of Marxist economics are concerned."

As far as a socialist country whose guiding ideology is Marxism is concerned, understanding Marxism correctly and scientifically is most fundamental. Second, we must conscientiously analyze the differences between Marxist and Western economics. The participants noted the following: The social attributes and value judgements of Western economics are a defense of capitalism. As to basic theoretical structure and analytical method, Western economics has the following two characteristics. 1) It emphasizes the relations between people and material, proceeds from individual interests, and analyzes how people can get the greatest efficiency out of material production and utilization of material resources. 2) Its system and methods are closed. On the other hand, Marxist economics takes a proletarian stand, is characterized by a distinct party and class nature and, as far as basic economic structure and analytical method are concerned, emphasizes the use of contradictions in interpersonal economic interests and socioeconomic contradictions and conflicts to explain economic variables. Moreover, Marxist economics is open. Many things that orthodox Western economics consider external variables, such as technological advances and socioeconomic systems, are considered internal variables in Marxist economic theory that is based on historical materialism.

The participants noted the following: The correct approach to Western economics should be one of critical assimilation and usage. We must take Marxism as our theoretical basis, adhere to the materialist stand, and stick to the benefit analysis method, in assimilating and using Western economic theories, such as its analysis of the relations between people and material. When assimilating and making use of Western economics, we should pay attention to the following matters: 1) the rigorous assumptions in Western economics; 2) that Western economics also contains controversial theories; 3) mathematical accuracy; 4) the evolving nature of prevalent Western economic theories; 5) the sum of market economy experiences; 6) China's huge population pressures; 7) the huge volume of China's capital construction; and 8) ideology. While these first four matters are features of Western economics, the last four are our basic national conditions for building socialism with distinct Chinese characteristics.

#### Economic Statistics January-September 1991

HK1311013891 Beijing JINGJI RIBAO in Chinese  
31 Oct 91 p 2

["Major Economic Statistics of All Provinces, Municipalities, Regions of China for the Period January-September 1991"]

[Text] The State Statistical Bureau, the State Planning Commission, the Ministry of Finance, and the People's Bank of China jointly issued the following statistics of important economic indexes for the period January-September 1991:

Completed Amount of Investment in Fixed Assets				
Region	This Period (100 million yuan)	Growth Over Last Year (Percent)	Among Which: Local Projects	
			This Period (100 million yuan)	Growth Over Last Year (%)
Nation	1,770.81	21.8	851.19	27.5
Beijing	60.07	0.5	36.22	19.1
Tianjin	46.84	29.5	27.73	58.4
Hebei	56.60	15.0	33.25	35.2
Shanxi	45.52	10.4	16.11	-0.2
Inner Mongolia	37.63	55.8	17.87	46.4
Liaoning	116.92	14.9	65.21	27.2
Jilin	34.94	18.8	21.90	28.6
Heilongjiang	83.00	17.9	28.31	19.8
Shanghai	105.68	4.8	66.54	14.3
Jiangsu	73.44	24.6	45.07	27.5
Zhejiang	40.29	12.8	28.81	30.9
Anhui	32.98	27.0	19.04	28.7
Fujian	32.14	16.4	25.38	21.1
Jiangxi	23.13	17.4	15.01	31.1
Shandong	110.04	31.1	56.14	78.3
Henan	68.35	42.3	25.24	83.4
Hubei	45.12	3.4	31.67	11.3
Hunan	40.86	36.9	22.84	41.8
Guangdong	148.10	28.7	111.84	23.6
Guangxi	20.40	29.6	14.95	27.0
Hainan	13.28	5.6	10.84	10.6
Sichuan	96.67	20.3	50.71	24.5
Guizhou	18.57	14.0	8.91	-2.9
Yunnan	29.88	31.5	20.19	32.5
Tibet	4.44	28.4	3.72	22.7
Shaanxi	33.97	7.8	16.74	12.1
Gansu	26.18	18.1	10.87	21.4
Qinghai	11.18	25.1	3.79	8.7
Ningxia	8.45	-4.4	4.56	6.5
Xinjiang	60.36	83.7	11.72	14.1

Yearend Bank Loans Balance and Increased Amount				
Region	Balance (100 million yuan)	Increased Amount Over Beginning of Year (100 million yuan)	Of Which: Investment in Fixed Assets	
		Balance (100 million yuan)	Increased Amount over Beginning of Year (100 million yuan)	
Nation	16,635.06	1,468.68	2,715.72	469.97
Beijing	583.50	31.31	104.83	10.14
Tianjin	421.11	31.99	62.98	11.07
Hebei	673.92	42.25	95.29	18.29
Shanxi	405.46	48.13	81.69	24.47
Inner Mongolia	304.62	31.70	46.84	13.72
Liaoning	1,037.81	108.75	172.66	38.90
Jilin	559.38	52.37	68.57	13.18
Heilongjiang	727.46	75.77	91.07	18.97
Shanghai	896.95	92.21	155.61	34.18
Jiangsu	887.05	63.88	99.45	13.43
Zhejiang	531.46	49.73	67.40	7.26
Anhui	447.80	47.00	71.37	15.38
Fujian	344.10	24.04	59.79	2.89
Jiangxi	380.46	41.42	63.12	10.48
Shandong	1,015.95	79.66	158.17	27.45
Henan	698.23	63.10	100.13	26.46
Hubei	767.81	43.99	116.95	14.32
Hunan	514.62	56.91	68.86	16.12
Guangdong	1,392.64	117.53	177.75	14.78
Guangxi	306.62	28.42	63.81	6.97
Hainan	134.24	14.34	24.09	2.53
Sichuan	892.23	120.47	149.97	37.91
Guizhou	198.56	25.47	42.74	9.03
Yunnan	267.96	16.83	42.60	5.11
Tibet	15.83	-0.84	0.35	-0.05
Shaanxi	433.28	47.58	87.75	15.66
Gansu	228.97	26.83	54.22	11.02
Qinghai	78.69	6.48	26.86	4.04
Ningxia	76.01	6.47	22.15	4.43
Xinjiang	262.80	28.46	50.97	5.58

Total Amount of Staff Wages		
Region	This Period (100 million yuan)	Increase Over Last Year (%)
Nation	2,241.5	13.6
Beijing	88.4	18.8
Tianjin	50.9	10.9
Hebei	97.4	11.7
Shanxi	66.6	14.5
Inner Mongolia	48.6	14.1
Liaoning	165.1	11.6
Jilin	71.4	12.5
Heilongjiang	116.4	14.7
Shanghai	113.7	17.5
Jiangsu	139.7	12.3
Zhejiang	79.2	10.4
Anhui	65.0	10.3
Fujian	51.0	15.8
Jiangxi	49.0	11.6
Shandong	121.5	12.5
Henan	93.2	11.3
Hubei	100.9	15.6
Hunan	80.6	12.2
Guangdong	176.1	16.5
Guangxi	49.1	15.1
Hainan	15.2	20.0
Sichuan	144.4	16.9
Guizhou	31.8	14.9
Yunnan	46.7	13.6
Tibet		
Shaanxi	55.7	9.6
Gansu	40.5	8.6
Qinghai	12.6	4.4
Ningxia	11.2	11.7
Xinjiang	55.2	15.2

### Labor Productivity of the Entire Body of Industrial Workers

Region	This Period (yuan/person)	Increase Over Last Year (%)
Nation	24,733	7.2
Beijing	34,793	6.1
Tianjin	33,578	2.6
Hebei	21,342	7.1
Shanxi	16,758	4.0
Inner Mongolia	15,442	0.3
Liaoning	24,039	2.9
Jilin	19,163	5.4
Heilongjiang	19,193	1.0
Shanghai	43,998	8.7
Jiangsu	30,838	8.5
Zhejiang	31,960	11.9
Anhui	22,244	8.9
Fujian	24,033	9.9
Jiangxi	17,507	7.8
Shandong	29,325	6.5
Henan	70,955	9.2
Hubei	24,873	6.4
Hunan	20,960	6.3
Guangdong	37,903	18.4
Guangxi	23,475	11.9
Hainan	20,181	6.3
Sichuan	19,506	9.0
Guizhou	18,867	4.1
Yunnan	28,766	9.1
Tibet		
Shaanxi	18,568	13.1
Gansu	21,852	3.9
Qinghai	20,901	5.5
Ningxia	19,571	-0.4
Xinjiang	22,086	10.2

**Rate of Decrease in Production Costs of Comparable Industrial Products (%)**

Region	This Period	Same Period Last Year
Nation	-4.6	-6.3
Beijing	-5.8	-7.8
Tianjin	-3.8	-4.1
Hebei	-0.9	-6.8
Shanxi	-3.6	-4.1
Inner Mongolia	-3.7	-5.5
Liaoning	-4.1	-8.7
Jilin	-1.9	-3.8
Heilongjiang	-3.5	-6.3
Shanghai	-7.0	-9.5
Jiangsu	-0.8	-1.3
Zhejiang	1.4	-1.5
Anhui	-3.6	-3.7
Fujian	-1.2	-0.6
Jiangxi	-0.7	-3.4
Shandong	-1.3	-4.2
Henan	-4.2	-7.3
Hubei	-5.9	-6.0
Hunan	-2.3	-3.1
Guangdong	-3.7	0.2
Guangxi	-3.0	-1.3
Hainan	-1.8	-6.6
Sichuan	-0.9	-5.6
Guizhou	-10.0	-6.5
Yunnan	-4.1	-6.9
Tibet		
Shaanxi	-2.7	-6.0
Gansu	-1.2	-4.2
Qinghai	-3.1	-9.7
Ningxia	-1.1	-3.8
Xinjiang	-7.9	-4.6

**Profit and Tax Rate of Sales of Industrial Products (%)**

Region	This Period	Same Period Last Year	Of which: Profit Rate of Sales of Industrial Products	
			This Period	Same Period Last Year
Nation	13.13	13.95	2.39	2.96
Beijing	17.07	17.94	8.56	9.56
Tianjin	9.08	10.43	3.40	3.99
Hebei	10.04	10.29	3.85	4.02
Shanxi	12.35	13.94	4.11	5.45
Inner Mongolia	14.63	15.58	3.93	5.44
Liaoning	10.53	10.61	2.07	2.15
Jilin	10.82	13.01	2.75	4.48
Heilongjiang	8.30	8.44	0.37	0.15
Shanghai	11.83	13.05	5.38	6.45
Jiangsu	6.39	8.11	1.33	2.88
Zhejiang	10.19	9.94	4.17	4.02
Anhui	9.24	10.61	1.14	2.50
Fujian	12.60	12.86	5.51	6.05
Jiangxi	8.29	8.49	1.27	1.64
Shandong	9.84	10.83	2.76	3.74
Henan	9.95	11.11	4.06	5.30
Hubei	11.44	12.40	3.70	4.53
Hunan	7.30	9.35	0.78	2.51
Guangdong	14.10	12.64	2.93	2.03
Guangxi	13.47	13.02	4.34	4.48
Hainan	6.08	8.03	0.71	3.20
Sichuan	13.50	14.91	1.97	3.68
Guizhou	14.43	15.83	2.84	4.37
Yunnan	17.72	17.40	6.70	7.12
Tibet				
Shaanxi	9.83	12.74	2.53	4.79
Gansu	10.56	12.57	2.69	4.80
Qinghai	5.41	7.80		
Ningxia	11.33	13.23	3.80	5.26
Xinjiang	13.14	14.72	5.03	5.70



Profit and Tax Rate of Industrial Funds (%)		
Region	This Period	Last Year
Nation	13.32	13.79
Beijing	21.31	21.08
Tianjin	12.66	15.13
Hebei	11.29	11.12
Shanxi	11.21	12.97
Inner Mongolia	10.59	11.04
Liaoning	10.18	9.88
Jilin	8.75	10.66
Heilongjiang	6.49	6.35
Shanghai	23.81	25.54
Jiangsu	9.49	11.70
Zhejiang	15.88	13.19
Anhui	10.64	12.00
Fujian	15.94	15.70
Jiangxi	9.04	8.62
Shandong	12.55	14.14
Henan	11.48	12.87
Hubei	12.64	12.73
Hunan	7.84	9.52
Guangdong	17.45	14.73
Guangxi	15.05	14.34
Hainan	5.56	6.03
Sichuan	13.34	14.24
Guizhou	11.09	12.41
Yunnan	18.30	17.45
Tibet		
Shaanxi	8.09	11.35
Gansu	7.59	8.61
Qinghai	2.62	4.35
Ningxia	8.32	9.63
Xinjiang	10.18	10.99

Energy Consumption Per 10,000 Yuan of Total Industrial Output Value (ton of standard coal)

Region	This Period	Last Year	Energy-Saving Rate (%)
Nation	2.82	2.99	5.69
Beijing	2.29	2.46	6.91
Tianjin	1.87	1.95	4.10
Hebei	4.24	4.62	8.23
Shanxi	5.56	5.44	-2.21
Inner Mongolia	4.92	5.11	3.72
Liaoning	3.87	4.08	5.15
Jilin	4.18	4.27	2.11
Heilongjiang	3.26	3.37	3.26
Shanghai	1.38	1.42	2.82
Jiangsu	1.58	1.71	7.60
Zhejiang	1.52	1.63	6.75
Anhui	3.08	3.21	4.05
Fujian	2.00	2.19	8.68
Jiangxi	2.75	2.92	5.82
Shandong	2.57	2.68	4.10
Henan	3.15	3.52	10.51
Hubei	2.63	2.74	4.01
Hunan	3.15	3.39	7.08
Guangdong	1.62	1.67	2.99
Guangxi	2.84	2.92	2.74
Hainan			
Sichuan	5.94	6.17	3.73
Guizhou	5.01	4.98	-0.60
Yunnan	3.02	3.26	7.36
Tibet			
Shaanxi	2.54	2.75	7.64
Gansu	4.68	4.95	5.45
Qinghai	4.91	5.30	7.36
Ningxia	5.67	6.71	-1.04
Xinjiang	3.83	3.84	0.26

Note: This chart contains preliminary figures (Taiwan Province excluded). The completed amount of investment in fixed assets refers to investment in capital construction and technological reform in the units owned by the whole people, other investments, and investment in commercialized housing; the growth rate is calculated on the basis of last year's comparable factors (the factor of commercialized housing excluded); the nation's total figure includes investment figures irrespective of regions, which did not employ totally identical statistical domains and calculation methods issued to them by the State Planning Commission; the figures examined according to planned factors will be announced later. In the figure of bank loans balance and

increased amount for the nation, the figures of People's Bank of China headquarters, the Communications Bank of China, and China International Trust and Investment Corporation Industrial Bank are included. The total amount of staff wages includes staff wages in the units owned by the whole people, urban collective units, and joint venture units of various kinds, as well as various bonuses and subsidies. The statistical domain of the labor productivity of the entire body of industrial workers refers to the industrial enterprises owned by the whole people which practice independent auditing. The statistical domains of the profit and tax rate of sales of industrial products, the profit and tax rate of industrial funds, and the rate of decrease in production costs of comparable industrial products are the budgetary industrial enterprises owned by the whole people, while the regional data of these three indexes are the data of local budgetary industrial enterprises. The "-" in the column of the rate of decrease in production costs of comparable industrial products indicates overexpenditure of production costs. The energy-saving rate statistics are based on the industrial enterprises owned by the whole people and the industrial enterprises collectively owned, at or above county level.

#### **Automation of Statistical Information Implemented**

*OW2411072591 Beijing XINHUA Domestic Service in Chinese 2112 GMT 23 Nov 91*

[By reporter Gu Honghong (7357 3163 3163): "China's State Statistical Information Automated System Begins To Take Shape"]

[Text] Beijing, 24 Nov (XINHUA)—The statistics trade is China's first trade to use computers with outstanding results. A statistics information automated system at the state, provincial, city, and county levels has begun to take shape. The system is capable of independently processing 60 billion bytes of data in a national census.

According to a briefing by the Calculation Center of the State Statistics Bureau, statistics bureaus at and above the county levels throughout the country are equipped with nearly 10,000 microcomputers, of which 500 are super microcomputers, and 30 small-sized computers; statistics departments in more than 95 percent of the cities across the country are equipped with super microcomputers or small-sized computers. The State Statistics Bureau also uses large and medium-sized computers. To adapt themselves to this situation, statistics departments across the country have created a contingent of personnel to engage in computer development and application, and statistics bureaus at and above the county level have hired permanent or semipermanent computer operators. Statistics departments across the country now employ more than 30,000 computer technicians.

In statistics departments at and above the prefectural and county levels, sample survey data for the yearly

statistical reports or periodical reports are mostly processed by computers. This has greatly increased the comprehensiveness, accuracy, and timeliness of statistical data. Take the annual state statistical report for example. Before computers were used in large numbers, the report would be ready for release in April or May of the following year, but now such a report can be on the presses in mid February of the following year. This has saved time for the State Council and economic departments so that they can make policy decisions at an early date.

In the past two years, in addition to processing conventional statistical reports, China's state statistical information automated system has undertaken the task of processing data on special comprehensive surveys of national conditions and strength. For instance, the survey of births by Chinese women, the survey on the condition of Chinese children, the sample survey of 1 percent of the country's population, the survey on production in the country, and the national population census. In processing the data during the fourth national census, statistics departments mobilized nearly 10,000 sets of equipment of various types, employed more than 9,000 personnel and some 60 billion bytes of primary data.

The next objective of the state statistical information system is to establish, during the Eighth Five-Year Plan period or within a time slightly beyond the period, an automated system which is centered on a data bank of the state, provincial and prefectural levels and which can provide multipurpose services such as data collection, data transmission, data processing and data analysis.

#### **Forum on Mao Zedong Economic Thought**

*92CE0140A Beijing JINGJIXUE DONGTAI [ECONOMIC DYNAMICS] in Chinese No 9, 20 Aug 91 pp 17-20*

[Article by Huang Yuguang (7806 1342 0342); responsible editor: Xiang Zhi (5046 0037): "Summary of Forum on Mao Zedong's Economic Thought"]

[Text] A forum on Mao Zedong's economic thought was held in Beijing between 28 and 30 May. Jointly organized by the China Yanan Spirit Society, Capital Iron and Steel Company, the economics teaching and research group at the central party school, and the theoretical department of RENMIN RIBAO, it was attended by over 70 experts and scholars.

It was the consensus of forum participants that studying Mao Zedong's economic thought anew is highly instructive in a practical sense in the new era of reform and openness, particularly at a time when the economy has run into some temporary setbacks. Mao Zedong's economic thought abounds with scientific substance, which makes up an important part of his economic thinking. During the revolutionary war years, our party and the people overcame one difficulty after another and won

the war of resistance against Japan as well as the democratic revolution under the guidance of Mao Zedong Thought. After the PRC was founded, it also was Mao Zedong Thought that guided us in staging a quick national economic recovery and laying the ideological groundwork for smooth socialist economic construction. The general goal of "developing the economy and ensuring supply" put forward by Mao Zedong remains the underlying guiding thought that economic and financial work, as part of the magnificent undertaking of socialism with Chinese characteristics, must follow.

Forum participants review the main elements of Mao Zedong's economic thought along these lines: the general principle of developing the economy and ensuring supply; the guiding thought of production determining distribution and economics determining finance; the idea of expanding the national economy to increase revenues; opposition to a purely fiscal point of view; the idea of streamlining administration and being hard-working and thrifty; the notion that the government must live within its means; centralized leadership, decentralized management, and comprehensive planning; and the concept of correctly handling the relations between accumulation and consumption.

Revolving around Mao Zedong's economic thought, forum participants explored many of the theoretical and practical issues that had surfaced in the course of reform, opening up, and economic development. Their principal viewpoints are summarized as follows:

#### 1. What To Make of the "Two Plights"

The "two plights" refer to the dire straits in which both the national treasury and state enterprises find themselves. What caused them? Where can we find a way out?

Most forum participants believe that the "two plights" were caused by economic difficulties, which, in turn, resulted from the fact that enterprises, particularly enterprises owned by the whole people, have not been revitalized. Some delegates sum up the current economic situation as "four growths, six increases, two declines, and five contradictions." Growth in output, social commodity retail sales, sales-generated taxes, and imports and exports has been accompanied by increases in funds tied up, comparable product costs, inventories, credit, number of money-losing enterprises, and the amount of their losses. Hence the twin decline in profits realized by enterprises and in enterprise profits and the five contradictions: between economic growth and the decline in profits, between rising output and swollen inventories, between economic growth and latent inflationary pressure, between economic growth and budgetary difficulties, and between bumper harvests and a drop in peasants' real incomes. To solve the current economic problems, we must start with enterprise revitalization. Then we can tackle financial problems.

#### 2. What To Make of the Contract System, Local Finance Contracting, Tax-Profit Separation, and the Tax Separation System

Some forum participants propose that tax-profit separation and the tax separation system be used to define the distribution relations between the state and the enterprise and between the central government and local authorities. They represent a direction reform should take.

Other participants disagree, arguing that: 1) Both tax-profit separation and the tax separation systems are Western imports that would not solve China's problems. This is because under a commodity economy, the target of taxation is enterprise profits (net incomes) while the target of profit-taking is the enterprise surplus. Surplus refers to what is left of the profit after deducting taxes and contributions to all enterprise accumulation funds (including the production fund and welfare fund.) In the West, moreover, taxation is part of the macroeconomic activities of the state, while profit belongs in the micro-economic behavior of the enterprise. After making a profit, the enterprise first pays taxes and makes contributions to the accumulation funds. Only then does it proceed to distribute the surplus in an autonomous manner among its shareholders. Our tax-profit separation, in contrast, is premised upon the state grabbing the lion share of the profit ahead of anybody else. If we want to go in for genuine tax-profit separation, we should make the enterprise the principal object of distribution instead. Make sure first that there is money going into the enterprise production and welfare funds. Only then should the enterprise turn over profits to the government. 2) At the heart of tax-profit separation is the restoration of the income tax. The income tax is based on a developed commodity economy and is contingent upon the presence of an average profit rate in society and the free movement of capital goods. But the fact of the matter is that China's commodity economy is woefully undeveloped and the market system is far from perfect. Not only are we a long way from forming an average social profit rate, but there are extreme disparities among regions, industries, enterprises, and ownership systems. Take regional parities, for instance. In 1989, there was a difference of 4.03-fold between the highest and lowest average regional productivity rates for industrial enterprises within the budget. If we compare the average regional fund to profit and tax rate, the gap was 3.95-fold. Or take inter-industry disparities. In terms of fixed assets at the disposal of the enterprise, the difference between the highest and lowest numbers was 2,573-fold. There was a difference of 25.14 fold between the highest and lowest average productivity rates for an industry. In terms of the average fund to profit and tax rate for each industry, the gap was 66.17-fold. Turning to inter-enterprise disparities, per capita fixed assets differs by as much as 400- to 500-fold while per capita annual output value by 50- to 60-fold. The level of development also varies enormously from one ownership system to another. Because of all these differences, an identical amount of input generates significantly different outputs in different regions, industries, enterprises, and ownership systems. These imbalances preclude us from pulling the income tax lever, which is fairly standardized, to

regulate differences in economic interests. 3) As currently practiced, the tax-profit separation system essentially seeks to take away the bulk (85 percent) of an enterprise's incomes, its theoretical rationale being its recognition of the enterprise's right to simple reproduction only and its rejection of the enterprise's right to expanded reproduction. It is a fiscal tool for pooling funds. 4) Applying the "tax separation" of the West to sort out the distribution relations between the central government and localities will not work in China either because the central-local relations in China differ from those in Western nations in five ways. One, the state system is different. China practices democratic centralism; the West follows a federal system. Two, the government functions are different. The Chinese Government undertakes three types of functions, as social manager, as owner of properties that belong to the whole people, and as organizer and leader of national economic life. In the West, the government functions essentially as a social manager. Three, the fiscal and tax system is different. In China, the fiscal and tax system is determined based on the ownership system. In Western nations, the tax system is unified. Four, the tax structure is different. In China circulation taxes are of primary importance while the West depends mainly on income taxes. Five, revenues are different. Of China's 30 provinces, municipalities, and autonomous regions, only 14 can afford to turn over revenues to the central government while 16 need central subsidies. These differences make any attempt to use the tax separation system to regularize the distribution relations between the central government and local authorities unjustifiable.

This leaves the contract system as the most practical and feasible way to handle the distribution relations between the state and enterprises and between the central government and local authorities, one that is most compatible with the fact that economic development in China is highly uneven.

### 3. What Is the Universal Significance of the Contract System at Capital Iron and Steel Company

Thanks to the contract system, Capital Iron and Steel Company has scored an enormous success after 12 years of reform, a fact acknowledged by all. But people still differ in their interpretation of the practices and experience of Capital and over whether or not it can be broadly replicated.

In reality, Capital's experience consists of two parts. First, internal managerial experience. All comrades consider Capital's internal managerial experience advanced, scientific, feasible, and worthy of serious review, emulation, and replication. Second, distribution relations between the state and the enterprise. Specifically, Capital sticks to the contract base figures and pays taxes to offset profits when tax rates are adjusted. In addition, Capital sells a substantial portion of its output on its own. This is where people disagree about the Capital experience.

Comrades who have a negative view of the Capital experience think that Capital is the beneficiary of a biased policy. It has been turning over to the treasury a steadily declining share of its net incomes. If this policy is universally applied, it will be too burdensome on the national coffers. Moreover, Capital makes a basic raw material that is perennially in short supply, so we cannot simple-mindedly apply its experience intact to every other enterprise regardless of the circumstances of the case. Since the Capital variety of contracting in effect excludes income taxes, it has no universal significance in the long haul.

Comrades who take a positive view of the Capital experience believe that after 12 years of reform, not only has Capital Iron and Steel created an advanced socialist management system but, most important, it has enlarged the national economic pie. The government is collecting more revenues, the enterprise has taken off economically, and the workers' standard of living has gone up considerably. This constitutes a major approach in the reform of the large socialist enterprise owned by the whole people. These comrades, therefore, want the Capital experience and its policies to be popularized without delay. They also analyze the Capital experience at a deeper level. Today, they argued, the distribution relations between the state and the enterprise should be a mix of the receive-pay system and power-and-responsibility system instead of a purely receive-pay system as in the past. Under the receive-pay system of the old order, the enterprise basically turned over all profits to the government and in turn sought funds from the government for investment and transformation purposes. After the contract system was introduced, the enterprise pays taxes and profits to the government and normally does not look to the government for investment funds. Instead its investment dollar comes primarily from its retained profits. Therefore, it makes sense to use a combination of the receive-pay system and power-and-responsibility system to work out the who-pays-what-to-whom relationship between the treasury and the enterprise. There are two sets of figures: How much in profits and taxes does the enterprise pay to the treasury? How much property has the enterprise accumulated for the state? If we figure it that way, Capital's payments to the treasury plus its new fixed assets amounted to 13.3 billion yuan in the past 12 years, equivalent to 90.6 percent of the profits and taxes realized in the same period, a very high percentage. If we analyze it further, whether or not we use two sets of figures is actually an expression of the two systems, old and new, in the distribution relations.

## PROVINCIAL

### Hebei Encourages Further Economic Reform

92CE0111A Shijiazhuang HEBEI RIBAO in Chinese  
10 Oct 91 pp 1, 2

[Article by Kong Fandou (1313 4907 2435): "Hebei To Intensify Economic Reform and Revitalize State Enterprises"]

[Text] An enlarged meeting of the standing committee of the Hebei Provincial CPC Committee was held from 6 October until today. The meeting was called to transmit the spirit of the central work conference and Comrade Jiang Zemin's important instruction given when he inspected Hebei, and to analyze the current economic situation in the province, focusing on ways to make large- and medium-sized state enterprises a success. Party Secretary Xing Chongzhi [6717 1504 2535] presided over the meeting and delivered the wrap-up speech.

At the meeting it was noted that since 1989 Hebei had been implementing the goal of the CPC Central Committee in earnest: improve the economic environment and rectify the economic order. The provincial economy has gotten onto the track of stable growth and the entire economy is continuing to develop in a positive direction. Aggregate social supply and aggregate social demand are basically in balance. Prices have stabilized. Money is being withdrawn from circulation at a satisfactory pace. The gap between social supply and social demand has dropped from 12 percent in 1988 to under 5 percent, while the overall retail price index has declined from 18 percent in 1988 to less than 8 percent. After a string of bumper harvests, the position of agriculture as the base has been reinforced. Despite a number of serious natural disasters, we still reaped a bumper crop this year. Industrial production has been growing at a normal rate while the industrial structure has improved. Between January and August, the province's gross industrial output value above the village level rose 13.9 percent over the same period last year. The output value of industry within the local budget increased 13.5 percent, sales revenues rose 19.3 percent, profits and taxes grew 13.3 percent, and the overall productivity in industry owned by the whole people climbed 10.7 percent. Meanwhile, progress has been made in adjusting the industrial structure and basic industries have been strengthened. Much of the chaos in the economic order has been eliminated. Companies and other business organizations in the circulation arena have been rectified successfully and a number of cases in which the law was broken have been investigated. Agencies in state-run commerce have reasserted control over the wholesale of major consumer goods and important capital goods and have seen their important capital goods account for a growing share of all social commodity retail sales. Hebei has opened its door wider to the outside world, with both foreign economic relations and foreign trade maintaining a strong momentum. In the first six months of 1989, as much as \$144 million in foreign capital was actually utilized province-wide, 243 enterprises that are either wholly or partially foreign-funded were set up, and 1,059 pieces of advanced equipment were imported using spot exchange. Exports have been expanding without interruption. On top of the \$1.74 billion in foreign exchange earned last year, the province earned \$1.15 billion between January and August this year, up 9.8 percent over the same period a year ago. Amid the drive to improve the economic environment and rectify the economic order, every

reform has made progress. In the countryside, the responsibility system of linking remuneration to output has been further improved. The two-level management system, which blends integration with separation, is gradually being perfected. Significant progress has been made in the socialized service system and the collective economy has been beefed up. Enterprise reform, which essentially involves developing new operating mechanisms, is intensifying steadily. The status of party organs as the political core has consolidated. The factory director (manager) responsibility system is improving. The guiding thought and work system of relying wholeheartedly on the proletariat is more clearly defined and stronger. In the circulation area, the role of state-cooperative commerce as the main artery of commerce has been strengthened, creating a multi-channel, multi-player, and multi-form pattern. Price reform has made steady progress. Reforms in foreign trade, finance, investment, banking, education and culture, social insurance, and housing have all made significant headway. Political structural reform, which primarily involves furthering socialist democratic and legal construction and actively opening up and broadening contacts between the party and the masses, has also been making progress. However, many difficulties and problems remain in economic life. First of all, the problem of low profitability has not been improved notably. Second, the government remains strapped for funds. Third, the industrial structure is still irrational. Fourth, economic development does not have enough staying power.

It was emphasized at the conference that when we talk about the economic situation, we must make two statements, namely that while we see the achievements, we must also notice the problems honestly. The first statement helps enhance our confidence to continue to forge ahead. The second statement helps us overcome complacency and make us face up to the difficulties and problems and look for solutions. We must take pains to analyze and assess the situation correctly and prevent both a lack of confidence, complacency, and slackening. Only in this way will we be able to further our achievements, overcome our weaknesses, conquer difficulties, and advance all our undertakings.

The conference demanded that all prefectures, municipalities, and sectors concentrate their energy on doing a better job in running large- and medium-sized state enterprises, specifically by accomplishing the following four things:

First, intensify our sense of urgency, enhance our level of consciousness, and earnestly make the successful operation of large- and medium-sized state enterprises a top priority. With people from top to bottom working hard together, improvements have been made in the production and operations of large- and medium-sized state enterprises in the province. Nevertheless, numerous problems remain. In the first half of this year, as many as 25 percent of all large- and medium-sized state enterprises in the province reported a decline in output and

48 percent suffered a fall in profits or actually lost money to the tune of 1.12 billion yuan in all, up 7.5 percent over the same period a year ago. Faced with this situation, all localities, sectors, and enterprises must intensify their sense of historical responsibility and sense of urgency, go about their work in an even more pragmatic manner, and make it the focus of their political and economic life to do a better job of running large- and medium-sized state enterprises. If large- and medium-sized state enterprises experience instability in their production, then the economy of the province as a whole will be unstable. If those enterprises cannot energize their operations, then the economy of Hebei cannot be revitalized. If the enterprises do not fully live up to their role as leader, the strategic goal of quadrupling output will be unattainable. Politically speaking, making large- and medium-sized state enterprises a success will not only lay a material and technological basis for the campaign to stabilize and consolidate the socialist system and the struggle to oppose peaceful evolution, but is also tremendously important for consolidating and expanding the dominance of public ownership and nurturing a mighty proletarian contingent that is exceptionally good at combat. Therefore, further improving large- and medium-sized state enterprises and turning them into socialist commodity producers and operators that enjoy decision-making authority in their operations, assume responsibility for their own profits and losses, and are capable of self-development and self-restraint, is a strategic issue that has everything to do with the survival or otherwise of the cause of socialism. It is not something to be taken lightly. To make large- and medium-sized state enterprises a success, we must abide by one principle, do a good job in the three integrations, and achieve one goal. One principle refers to the principle of implementing the decision of the CPC Central Committee to shift the focus of economic work to the adjustment of the economic structure and the improvement of economic results. Three integrations means, first of all, combining the short and the long: plan for the long term, but also have one's feet on the present. Get a firmer grip on our work. Gradually resolve the underlying contradictions even as we try to overcome the difficulties immediately facing the enterprise. It means combining the external with the internal—make the most of what the enterprise has within itself even as we garner more support outside. It also means combining the top with the bottom: everybody, from the provincial level to the local party committee and government, must assume his responsibility. Fully mobilize the initiative of all quarters. If we do all that, we will realize our goal, namely, making progress of a breakthrough nature in the organizational structure, technical mix, and produce mix of large and mid-sized state enterprises in the province during the Eighth Five-Year Plan, rendering them significantly more competitive, more profitable, and better able to maintain their development momentum, and markedly improving the combat capacity of party organizations and their centripetal pull for the rank-and-file worker.

Second, amplify the substance of reform, implement policies already on the books one by one, and create a favorable external environment for enterprises. In accordance with a plan, we must further reform the way in which the state manages the enterprise. End the direct management of enterprise production and operations, technological transformation, and small-scale projects in accordance with the principles of separating government administration from enterprise management, separating ownership from management, and emphasizing indirect management. Reduce the scope of command planning while expanding that of guidance planning and market regulation. Increase reform of the circulation system and make it part of the drive to create and develop a unified and mature market. Make more extensive use of economic tools and the market mechanism. Optimize the investment mix and gradually create an investment mechanism in which the central government, localities, and enterprises all participate. Strengthen the banks' macroeconomic regulating and control ability and ensure that loans are issued under the guidance of the industrial policy. Further reform the fiscal system; lay the groundwork for the introduction of a double-entry budgeting system. Continue to make experiments in the taxation separation system as well as profit-tax separation a success. Speed up the pace of reform in the labor and wage system, housing, and the social insurance system. Promote the effective harmonizing between the macro-management system and the enterprise's internal operating mechanism. Aggressively implement the 12 and 30 measures formulated by the central government and the province to revitalize large- and medium-sized state enterprises. Be self-reliant. Solve whatever that can be solved now. Work creatively by fully utilizing the maneuvering room in the existing system so that the measures can be implemented as soon as possible or are first implemented in some enterprises. Measures that can be implemented now must be carried out resolutely and thoroughly, producing results. As for measures that involve the financial, tax, banking, and price departments, we must waste no time in conducting studies, making projections, drawing up plans and gradually carrying them out. In the case of measures that involve the planning, labor, foreign trade sectors as well as departments in charge of enterprises, they should be implemented correctly at the opportune moment. Then there are measures for which the enterprise is responsible. Here the enterprise must set its sights on the longterm, perhaps even at the expense of short-term interests. It must make the most of the measures and conserve its staying power. Party committees and governments at all levels must promptly familiarize themselves with the conditions in large- and medium-sized enterprises and provide guidance, tailor-made, to suit each enterprise. Like the doctor who modifies the medicine to suit his patient, we must vary our policy to suit the factories, each and every one of them. All of the above can be achieved provided agencies directly under the province and all localities truly have the same sense of urgency as enterprises, think the same thoughts as enterprises, and provide what the enterprises need.

Third, actively guide the enterprise to bestir itself, to innovate, and to be self-reliant: 1) Enterprise workers, particularly responsible cadres, must have a positive spiritual outlook. In large- and medium-sized enterprises, the party secretaries, directors, and managers are both the executors of party policies and principles and the decisionmakers and leaders in enterprise development. They must be responsible to the enterprises as well as the state. Even as it is beset with difficulties, the state has made a herculean effort to improve the enterprise's external environment. People directly in charge of enterprise operations and management must share the worry of the state, fully tap the intrinsic strength of large- and medium-sized enterprises, rely on the masses, meet problems head on, and overcome difficulties, undaunted by repeated setbacks. All functional agencies and news units must step up their review and propaganda in this area and encourage the enterprises, cheering them on. 2) Further internal enterprise reform and speed up the change in operating mechanisms. For the moment, concentrate our energies on perfecting the contract system and expediting the reform of the labor and personnel system and distribution system. Adhere to the principle of giving consideration to three things at the same time: further improve the enterprise profit retention system, withdraw the full amount allowed under the regulations from the various special funds, and prevent the loss of state properties and increase enterprise staying power. Phase in the labor contract system for all personnel within the enterprise. Apply the appointment system to all managerial and technical personnel. We must rely primarily on enterprises to absorb the bulk of surplus personnel made redundant, while looking to society to accommodate the rest. Through a combination of early retirement, inter-enterprise exchange, and self-employment, plus some help from a developing tertiary sector, we can expect everybody to find a job that suits him. Overcome the egalitarianism in distribution. Phase in an internal distribution system that mainly takes the form of position and competence pay. Such a system should favor those who do dirty, difficult, or hazardous work, or who are on the first front of production, as well as scientific and technical personnel, thereby truly linking compensation to contribution and putting an end to the over-distribution of the national income in favor of the individual. 3) Strengthen the market concept and expedite the adjustment of the product mix. Enterprises should firmly follow the lead of the industrial policy and the domestic and international markets, tackling the upgrading and modernization of old products, on the one hand, and new product R&D, on the other, turning out what sells on the market right now, but also building up a technical reserve for future products. As part of the drive to adjust the product mix, the enterprise should make plans also for the production of a wide range of related products to meet the diverse needs of the market. It must also closely integrate the drive to adjust the product mix with technological transformation. It must enhance the notion that science and technology is the first productive force and work hard to increase the application of new technology and new processes, taking

pains to develop and apply high tech and increase the technical content of a product. Go all out to develop enterprise groups, linking this effort with merger and association. 4) Manage enterprises strictly and do a good job in running and operating them. Have the courage to tackle their problems and do so successfully. Assiduously disseminate the experience of advanced enterprises. Continue to learn from Daqing and Jihua to upgrade enterprise management. Currently, the emphasis should be on establishing and improving the various economic responsibility systems and formulating rules and regulations for the enterprise, stepping up basic management, doing a good job in on-site management, putting an end to lax management, and ending the situation in which enterprises do not follow regulations or have none to follow. In particular, we must tighten up the enterprises' accounting systems, use profit to fund rate as the principal yardstick in evaluating enterprises, and stop inaccurate cost accounting, inconsistencies between the accounts and reality, the practice of disguising losses as profits, and violations of economic laws and regulations. 5) Further improve the leadership mechanism inside the enterprise. Abide by these three things firmly: fulfill the function of the party organization as the political core, uphold the factory director responsibility system, and rely on the proletariat wholeheartedly. Step up development of the enterprise leading group and never stop improving its caliber. The director and party secretary of the enterprise should do a good job in the division of labor revolving around the objectives of enterprise development so that everybody discharges his own responsibility properly. When it comes to the promotion of the enterprise's mid-level cadres, party and government leaders should consider the matter collectively so that the factory director can exercise his power to appoint and dismiss mid-level cadres even better. Enterprises where the secretary and the factory director cooperate smoothly should be commended. Where the factory director and party secretary compete for power and interests, engage in petty quarrels, and are uncooperative, resolute action must be taken to correct the situation. In some factories, the director and the party secretary can be the same person. 6) Rely on the proletariat wholeheartedly. Step up democratic enterprise management. Continue to learn from and spread the "cadres-as-public-servants-and-workers-as-masters" experience of Liuzhuang coal mine and the No 2 printing and dyeing plant in Shijiazhuang. Handle the relations between "relying" and "doing a good job" properly. On the one hand, the enterprise's leading group must rely on all workers wholeheartedly to make the enterprise a success and put the workers' representative assembly to the best use. On the other hand, the leading group should guide and educate the rank-and-file workers on how to be a good master so that they truly "worry what the master worries, think what the master thinks, fulfill the master's responsibilities, and do the master's work."

Fourth, step up leadership, do a good job in coordination, and never stop working on the problems. Party committees and governments at all levels must earnestly



intensify their leadership in this area of work. The province, prefectures, municipalities, and the various trades should analyze the large- and medium-sized enterprises one by one, prioritize them by group, and draw up a plan to adjust, reform, and transform them in a way customized to suit their different circumstances. Work objectives and enterprise development objectives should be specified and a timetable drawn up for their implementation. After this conference, the leaders at every level, from the province to every prefecture and every municipality, should take personal charge of the effort to solve enterprise problems that have long proven resistant to solution, assembling a strong team to conduct in depth special-topic studies and make systematic proposals. Functional departments at all levels of government should free themselves from the grip of special interests, adopt an overall point of view, and serve the enterprise well in a thousand and one ways. Key technological transformation projects and new projects for large- and medium-sized state enterprises must undergo thorough studies, scientific projections, and rigorous evaluation. Funds must be correctly spent. Ill-thought-out investment projects, the import of low-level technology, small but comprehensive projects, and project duplication must be stopped. At the same time as we emphasize the successful development of large- and medium-sized state enterprises, we must also pay attention to the development of small state enterprises, collective township enterprises, rural township and town enterprises, and the three kinds of enterprises that are either wholly or partially foreign-funded.

Given the prevailing complex international situation, the arduous tasks at home, and the array of difficulties facing us, leaders at all levels, particularly leading cadres above the county level, should work hard to build themselves up as politically steadfast revolutionaries and people of action with a sense of mission and a sense of urgency.

First, stay clear-headed politically. As we all know, economics is the base and politics is a concentrated expression of economics. In the revolutionary war period, we were waging a fierce political and military struggle, so we seldom ignored politics. Under socialism, as we concentrated our energies on economic construction, the possibility that we might weaken ideological and political work intensified. These days a bitter class struggle is going on in the world between two social systems, two ideologies: socialism and capitalism. On the one hand, within China class struggle still exists up to a point and manifests itself most strikingly as a sharp confrontation and struggle in the ideological realm between the four cardinal principles and bourgeois liberalization. Given these historical conditions, we must be careful to observe and handle things from a political perspective when we push ahead with reform and the open policy, developing various economic and cultural undertakings. In other words, we must be adept at observing and handling matters in the context of the need to comply with the party's basic line, to build

socialism with Chinese characteristics, and to prevent peaceful evolution. Only thus can we have a clear sense of direction and take a firm stand in actual work. To do anything else will be dangerous. Note that the modernization we are attempting to attain is socialist modernization. The reform and open policy now under way is socialist reform and openness. In the course of building socialism with Chinese characteristics, we must not only persevere in modernization but also uphold socialism; we must not only adhere to reform and the open policy but also stave off peaceful evolution. Only if we behave thus can we be considered clear-headed revolutionaries. To have a consistently clear political head on our shoulders, we must study Marxism-Leninism and Mao Zedong Thought hard and master the dialectical materialist world outlook and methodology. The various issues we are faced with at home and abroad are all interrelated, interacting with one another and evolving all the time. Only by grasping the dialectical materialistic way of thinking and only if we are skilled at observing and understanding things as they relate to one another and as they evolve can we get a handle on the essence and laws of things and formulate and execute the right policies and strategies. We must all apply ourselves to our studies, relating them to the real world around us, and put what we have learned to use so that we become even more clear-headed and more politically astute and raise the caliber of our leadership even further.

Second, insist that economic construction and ideological and political work go hand in hand. Comrade Deng Xiaoping said, "We must use two hands to achieve the four modernizations. Just one hand will not do." At one point economic construction had the upper hand, while ideological and political work was put on the back burner. With that tendency in mind, Deng Xiaoping stressed that the problem of "one strong hand and one weak hand" must be solved. To be a politically steadfast revolutionary and man of action requires one to apply the guiding thought of "using both hands" unwaveringly in one's work. Economic construction lies at the core of all party work. We must set clear objectives, take strong measures, and relentlessly concentrate on making the economy take off. At the same time, we must step up ideological and political work assiduously and mobilize the initiative of all quarters to contribute to socialist construction. Based on our experience, we must pay attention to the organic integration of the two hands if we are to tackle using both hands. The two must work in tandem; we cannot separate one from the other, tackling one and then the other. It is often said that political work is the lifeline of all economic work. As a "lifeline," political work guides and guarantees economic work, ensuring the socialist direction of economic construction, ensuring that the vast number of cadres and the masses correctly adhere to the party's line, principles, and policies and strictly abide by the laws, regulations and decisions of the party and the state. To achieve this, we must combine ideological and political work with economic work. The former must pervade the latter. Party-government separation cannot be interpreted to



mean that the party committee concerns itself with ideological and political work only or that the government involves itself with economic work alone, each doing its own thing. Whether it is the party committee, the government, or leading cadres in the party or government, they must all adhere to "grappling with two hands on their own initiative," combining politics with economics, politics with technology, and politics with practical work. Guarantee and promote smooth economic and other work by tackling ideological and political work.

Third, we must be aggressive, realistic, and meticulous in our work, taking pains to do solid work. In recent years the CPC Central Committee and the provincial CPC committee have time and again stressed that we must aggressively tackle all sorts of jobs to really get things done, thus significantly altering the ideological style of the entire province from top to bottom. More and more the trend is for people to get down to the bottom in search of the truth, do solid work, and emphasize practical results. Overall, however, we still are not doing enough. Many people still are not tackling their job aggressively, are not doing solid work, and are not meticulous enough. To be action-oriented, we must have the courage to assume responsibility, to work creatively, and to be aggressive, solid and meticulous in one's work. An aggressive worker is one who, in the spirit of "seizing the day," never lets go of an assigned job until it is fully completed and begins to bear fruit. A solid worker is one who does not stop at general exhortations but throws himself into the masses to understand the situation and uncover and solve problems. A meticulous worker is one who takes pains to resolve specific problems in work even as he is careful to work out general problems in earnest. To achieve all of the above, we must guide the broad masses of cadres, particularly responsible cadres at all levels, to cultivate the idea that the party was established for the public and that government was instituted for the people and to further the spirit of doing solid work so that all lines of work will be carried out more aggressively, more solidly, and more meticulously, with even more outstanding results.

Fourth, assume responsibility for the whole situation but emphasize the priorities. Assuming responsibility for the whole situation is a basic requirement that leading organs and top leading cadres must meet. In addition, they must stress the priorities. If they do not do so but give equal weight to everything, they will have difficulty vitalizing the situation as a whole and are not likely to do an outstanding job. The provincial party committee has decided that besides doing a good job all round in the near term, we must focus on turning large- and medium-sized state enterprises into a success in the cities and coming to grips with socialist ideological education in the countryside so that it achieves practical results. At the same time, other areas of work such as production in the industrial and transportation sectors in the last three

months of this year, taxation, farmland capital construction, poverty and disaster relief, and family planning must be carried out properly in conjunction with priority work.

Fifth, further the unity among leading groups. A politically steadfast leader must understand the importance of unity and take the initiative to preserve such unity. He must uphold democratic centralism in the party, have the courage to initiate criticism and self-criticism, and work hard to resolve conflicts. He must be broad-minded and have a knack for uniting a majority of people, including those who have previously opposed him and have been proven by practice to have been wrong. These days more and more such comrades can be found among leading groups above the county level in the province. In some localities and units, however, the problem of disunity and disharmony still exists. To solve the problem of disunity, we must essentially step up education and training in party spirit and intensify the transformation of the world outlook. Provided we all handle the various kinds of conflicts between party and government and among cadres of the leading groups out of a sense of public spirit in accordance with the principle of "unite—criticize—unite" and advocate learning from one another to make up one another's weaknesses, not only will the disunity arising from matters that have nothing to do with principles be overcome, but even differences that indeed are related to principles will also be worked out satisfactorily. Certainly, ideological education alone cannot overcome disunity; the party's organizational principles and organizational discipline are also necessary as a guarantee. The party's principles of democratic centralism and collective leadership by the party committee must be strictly enforced. Important matters, particularly matters involving personnel appointment and dismissal, must be decided by a vote. Absolutely no unorganized activities or factional activities of any form are to be allowed within the party and will be dealt with sternly as soon as they are discovered. Leading cadres who disrupt unity and refuse to change even after education will be transferred, dismissed, or punished as the case warrants.

Sixth, take the lead in promoting honesty in government. A politically steadfast revolutionary must pass the "three tests," namely that he must be for reform and the open policy, he must develop the commodity economy, and he must oppose peaceful evolution. When cadres at all levels convene, particularly leading cadres, an important aspect of passing these tests is promoting honesty, uprooting corruption, opposing decadence, and preventing peaceful evolution. Leading cadres at all levels must play an exemplary role in the struggle against corruption. First of all, the leaders must behave properly and take the lead in resisting the corrosion by decadent bourgeois ideology and practices. Only that way can we come up with a contingent of honest party members and cadres and create a positive climate throughout the party and society that will help oppose decadence and prevent peaceful evolution. We must crack down hard on wining

and dining and buying presents with public funds, irregular business practices, cadres building personal residences in violation of the law, and other problems, and work hard to investigate major cases. Here the provincial party committee has stressed several points time and again: 1) When leading cadres at all levels work on site or convene miscellaneous meetings, they must stick to "four dishes and one soup," nothing fancy. Pay meal charges as required under the law. 2) Leading cadres shall not accept agricultural byproducts, local products, or industrial goods presented by people below with whatever pretext. 3) When they make an on-site visit, leading cadres must travel casually with a small entourage. The lower levels below shall not send irrelevant accompanying personnel or see them off at the border. 4) When a leading cadre attends a meeting convened by a higher level, he shall be accompanied by the working personnel authorized but shall not bring along his secretary or other aides. 5) All leading cadres above the county level shall not build houses for personal use. Their housing needs shall be met through overall planning by the government. 6) Fines collected and funds confiscated by supervisory and inspection agencies at all levels shall all be turned over to the finance department and shall not be diverted to other uses. 7) Leading cadres shall not plead for mercy for people who have committed an error or criminals or obstruct the investigation of a case. 8) Leading cadres shall not tolerate or support any effort by their children, relatives, or people around them at work to secure special privileges. The "eight prohibitions" above shall be the code of discipline for cadres at all levels, particularly leading cadres, for achieving honesty in government. They must live up to it in speech and deed and shall not violate it.

Responsible comrades from the standing committee of the provincial party committee, the provincial advisory committee, and the provincial discipline committee; the director and deputy director of the standing committee of the provincial people's congress, who are party members; the vice governor, who is a party member; chairman and vice chairman of the provincial CPPCC, who are party members; secretaries of all prefectural and municipal CPC committees, commissioners, and mayors; principal responsible comrades from all units directly under the province, who are party members; and party committee secretaries or directors from 12 large enterprises, who are party members all attended the conference.

### Heilongjiang Introduces More Foreign Capital

SK0612143191 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 5 Dec 91

[Summary] Heilongjiang Province has made marked achievements in using foreign funds. As of October this year, the province had approved 668 projects of introducing funds from 29 countries and regions in the world involving \$815 million. During the January-October period, the province signed 183 contracts on using foreign funds, a 2.3-fold increase over the total number

of 1990; and the contracts involved \$95 million, a 2.4-fold increase over the total volume of 1990. The annual output value of more than 100 three-capital enterprises that have been put into production is about 400 million yuan, and their profits and taxes given to the state each year are more than 13.8 million yuan. These three-capital enterprises are engaged in the production, development, and processing with local characteristics of petrochemical industry products, of timber, flax textile products, mountainous products, nonmetal minerals, slabstone, and building materials.

## FINANCE, BANKING

### Banks Modernized With Electronic Devices

92CE0098A Beijing JINRONG SHIBAO in Chinese  
2 Oct 91 p 1

[Article by staff reporters Sun Lingyan (1327 0407 3601) and Qiang Xinghua (1730 5281 5478): "Grand Blueprint for Electronic Transformation of Banks"]

[Text] When the subject of bank modernization is mentioned, what makes the deepest impression on the reader and what he most directly perceives is that when he makes a deposit or withdrawal in his savings account, he discovers that the computer has replaced the abacus: if he makes a deposit in Beijing, he can also make a withdrawal on Hainan Island. In fact, of all the professions in China, the banking system has the most computers.

At the beginning of 1988 the State Council decided to build a satellite communications special-purpose network for the People's Bank that would link up its member banks electronically. When this news was disseminated, public feeling ran high. The people's desire, which they had cherished for a long time, of transferring, collecting, and clearing funds in other places by communications satellite, was about to be realized. After more than two years of hard work in all aspects, in August 1990 construction of the main satellite communications station was completed in Shahe, Beijing. On 29 August bank president Li Guixian [2621 6311 7639], full of zest, went to Shahe to inspect the station. After watching a demonstration in which the first group of small stations entered the network and reported, bank president Li said: For the growth of the national economy, funds must be handled faster and better. Yes, in the past the transfer, collection, and clearing of funds in other places were handled mainly through post office correspondence, which took several days, and in places where communications were poor, even several dozen days. Now, through the electronic linking up of the banks, these transactions can be completed in the same day. This development will bring great socioeconomic benefits. On 1 April of this year, the satellite communications network was formally opened. Seven large cities, including Beijing, Tianjin, and Shanghai, were put into the network, and by the mid-September the network had been opened to 14 more cities.

The transfer and planning department of the People's Bank has set up China's first macroeconomic model analysis base. Its forecasts and assessments of the macroeconomic and financial situations have a certain authority. The state treasury system has also been linked nationwide by a computer network. It can show at any time the income and expenditure in the central budget of more than 100 billion yuan, and the issuing and cashing of several dozen billion yuan in state bonds. A year's final accounting in the central budget can be completed by several people in a month's time.

If it is said that the success in macroeconomic regulation and control was first rate by the People's Bank due to electronics, then the specialized banks and insurance companies are developing by leaps and bounds in conducting business electronically and modernization of management and administration.

Through hard work in the Seventh Five-Year Plan period, all specialist banks and commercial banks in China's largest cities are now equipped with 56 sets of large- and medium-sized computers, 200 sets of small computers and ultra-microcomputers, and 12,000 multi-purpose and single-purpose microcomputers. In 23 large- and medium-sized cities, 26 large- and medium-sized computer centers have been set up; in 60 medium-sized and small cities, a distributive-type regional network system with the sub-miniature computer as its main component has been set up, as has a large number of microcomputer network centers. A few days ago, the range of computer application and the standards of computers in commercial banks were close to taking the lead position in China.

In recent years there has been a very rapid construction and development of the integrated information computer system for the Agricultural Bank, which now has three sets of medium-sized computers, a little over 300 sets of small computers and high-quality microcomputers, and more than 16,000 sets of microcomputers. A computer technician contingent of more than 4,000 people including high- and medium-grade technical experts has been set up, as have more than 30 computer technology training bases. The success in building a data bank system for the Agricultural Bank has been outstanding. In recent years there have been developed for it a distributive-type credit management data bank, national economy data bank, and regulatory documents data bank. The distributive-type credit management data bank, which is a key scientific and technological project in the state's Seventh Five-Year Plan, has been technically appraised and accepted, and a few days ago it was put into full operation in the main bank and over 40 provincial branch banks.

By comparison, the Construction Bank started developing computers late, but it has made big strides, and in 1986 it formally set up a computer center. An official at the center told us: We have formulated three policies: stress application, wholeheartedly serve professional departments, and start with microcomputers. In five

years the bank's accounting profession has been equipped with 2,000 computers, and 8,000 operations in supervising accounts after deposits are made are now done by computer. As a result, in over 20 cities withdrawals and deposits are completely handled by computers, which also take care of the long-range transmission of many kinds of reports and tables.

After the idea of insurance struck deep roots in people's minds, China's insurance business made giant strides. This year the income from insurance is expected to break the 20 billion yuan barrier. Beginning with its importation of the first M-150 medium-sized computer in 1984, the insurance business now has 1,069 sets of computers of various kinds. Computers are now used, in varying degrees, for the main types of insurance and the professional management of the People's Insurance Company of China.

We saw that the widespread application of electronic information technology in the financial and insurance fields has led to fundamental changes in these fields; and has had a major effect on the development of the national economy, of society and civilization, and of the banks themselves. Paying a high degree of attention to this technology, all banks have drawn up detailed plans for applying it.

Achieving what is planned in the grand blueprint depends on persistent struggle. The electronic transformation of banks is a long-term task, and is a task of socialized system engineering with a high degree of difficulty and a wide range. With the superior socialist system, with the hard work of the great number of scientists and technicians, and with the support of all quarters, we believe that in the Eighth Five-Year Plan period the electronic transformation of banks will have a splendid spring.

### **French Bank Opens Office in Shanghai**

*OW2211183591 Beijing XINHUA in English  
1523 GMT 22 Nov 91*

[Text] Shanghai, November 22 (XINHUA)—Credit Lyonnais of France opened an office today in Shanghai.

Since 1973, the French bank has opened offices in Beijing, Guangzhou and Shenzhen, and two branches in Xiamen and Taipei.

The opening of the Shanghai office indicated that Credit Lyonnais has great faith in the future economic development of China, according to the bank President Jean-Yves Haborer.

Haborer said that China's huge market will undoubtedly attract increased overseas investment. He noted that construction of the new office will add to the city's construction of infrastructure which includes bridges and highways.

At present, Credit Lyonnais has over 2,400 offices and branches around the world.

## INDUSTRY

### Steel Output To Top 69.5 Million Tons in 1991

HK2811065591 Beijing CHINA DAILY in English  
28 Nov 91 p 2

[By staff reporter Zhang Yuan: "Steel Output To Top 69.5m Tons This Year"]

[Text] Steel production is likely to hit 69.5 million tons this year, an increase of more than 3 million tons over last year, according to an official with the Ministry of Metallurgical Industry.

Wang Xingjie, of the ministry's production department, said that by the end of October steel output had already reached 57.99 million tons, which was 89.22 percent of this year's target and a 6 percent increase on the year-ago figure.

Wang estimated that next year's steel output would rise even higher because it looked certain that demand for steel products would grow along with construction of more large-scale water conservancy projects after this summer's floods.

The ministry will increase production of 17 kinds of popular steel products in 1992, of which the production of steel products for the use of automobiles, ship-building, oil, ore mining, light industry and building materials will increase up to 10 percent, Wang said.

The State has decided to cut its ordered steel production plan by about 11 percent next year to enable steel firms to get used to the market mechanism. The big steel-makers of Anshan, Baotou, Maanshan, Wuhan, Shanghai, Baoshan, Panzhihua and Benxi iron and steel corporations will share a reduction of 200,000 to 500,000 tons each, Wang said.

After the reduction, steel firms will be able to sell more products at market prices and produce more marketable or new steel products to raise their competitiveness. In this way, the measure is considered to be effective in further revitalizing State key steel enterprises, Wang said.

Under the State mandatory plan, steel plants get raw materials, electricity supplies and transport services at State fixed prices. In return, the State is responsible for purchasing all products covered by the plan.

### Ministry Stresses Need To Control Cotton Yarn Output

OW2111034391 Beijing Central People's Radio  
Network in Mandarin 2230 GMT 20 Nov 91

[From the "News and Press Review" program]

[Text] Since last August, the Ministry of Textile Industry has been concentrating its efforts in controlling total

cotton yarn output and cutting inventory. It has dispatched coordination groups to areas where cotton yarn output has grossly exceeded production quotas. Thanks to efforts by governments and textile authorities in various localities, the industry has achieved preliminary success in curtailing output and cutting inventory.

According to the State Statistics Administration, cotton yarn output in September was 227,000 reels [jian] lower than that of August, and October output was 366,000 reels lower than that of September—or 116,000 reels lower than the quota. The amount of capital tied up in finished goods has also been declining each month. At the end of September, the amount of capital tied up in finished goods produced by the 1,032 state-operated textile enterprises in 39 large and medium-size cities was 230 million yuan, 3.2 percent lower than that registered at the end of August; and that of October was 510 million lower than that of September, a 4.9 percent decline.

Textile authorities and producers in all localities have also been doing all they can to restructure their production and product mix and terminate the production of unmarketable goods. According to statistics from 23 provinces and municipalities, over 1,200 enterprises have suspended or partially suspended production of unmarketable goods since October, idling the operation of over 5 million spindles.

The Ministry of Textile Industry recently reminded all localities that the work of controlling production and cutting inventory remains a formidable one. It said: Textile authorities in all localities must never lower their guard. They must continue to control output and cut inventory strictly in accordance with the quotas set by the ministry.

### Auto Industry Scores Record Growth

HK0412055191 Beijing CHINA DAILY in English  
4 Dec 91 p 2

[By staff reporter Chang Weimin: "Auto Output Hits All-Time High"]

[Text] The Chinese auto industry has shifted into a higher gear this year to chalk up the most rapid growth in history.

Officials in the industry yesterday predicted that automobile output this year would exceed the all-time high in 1988, when the industry turned out 647,000 automobiles.

Xu Rengen, chief engineer with the China National Automotive Industry Corporation (CNAIC), disclosed the latest statistics on auto production at the biannual meeting of the Society of Automotive Engineers of China (SAEC) that opened yesterday in Beijing.

Some 400 entrepreneurs, researchers and officials came to the four-day meeting, carrying 123 theses that mark the latest research results on automotive technology.

Xu said that between January and October, at least 534,000 automobiles were manufactured, up 36 percent on the same period last year and 34,000 more than the plan for the whole of this year.

Production value in these months stood at 36.7 billion yuan (\$6.8 billion), up also 36 percent over the same period last year and 17 percent more than the year's plan.

Pre-tax profits were 3.53 billion yuan (\$650 million), a 125 percent rise over the same period last year.

However, sober-minded officials also expressed their worries over the industry's long-term development at the meeting, asking for concentrated governmental investment in the development.

The officials agreed that the industry will have to take off within the next few years, otherwise its future will not be as bright as expected.

The worries have haunted Chinese entrepreneurs and officials for at least a decade but seem to have grown stronger recently.

"The industry will have to achieve a profitable level of production within the next few years if China's automobile prices are to stay relatively low," Zhang Zheng, general manager of the CNAIC's Information Department, said.

Now a Santana sedan made by the Shanghai Volkswagen sells at 190,000 yuan (\$35,300), a Cherokee jeep made by the Beijing Jeep Corporation at 170,000 (\$31,500), and a Charade car at 80,000 (\$14,800).

China now has more than 100 automobile assembling enterprises and some 2,400 auto part manufacturing plants, which operate separately. However, production capacity stands at only 700,000 automobiles a year.

The country will have to concentrate investment on supporting a limited number of auto makers instead of plunging funds into too many plants as before, Zhang said.

### Heavy-Duty Truck Production To Increase

*OW0412062491 Beijing XINHUA in English  
0608 GMT 4 Dec 91*

[Text] Beijing, December 4 (XINHUA)—China will in the next two years speed up its production of heavy-duty trucks, while at the same time keep a steady growth in the production of light-duty and mini cars, official sources said.

According to forecasts, China will produce 24,000 heavy-duty trucks in 1992 and 36,000 in 1993.

As a result, the proportion of heavy-duty trucks in the country's automobile production will rise from the current four percent to five to six percent in 1993.

As for the models, China will assemble 8,000 EQ153s, 12,000 Steyrs, 1,000 Benzs and 3,000 other trucks in 1992, and 10,000 EQ153s and 6,000 Benzs in 1993.

China's annual heavy-duty truck production had increased from the 7,800 a decade ago to 19,000 in 1990, with an average annual growth of 14.4 percent. The output in 1991 is expected to hit 21,000.

In the next two years, the country's annual production of light trucks and mini cars is also expected to keep a steady growth and reach 450,000 to 500,000.

According to forecasts, China will produce 270,000 light-duty trucks in 1991, 300,000-310,000 in 1992, and 370,000-400,000 in 1993.

After 10 years' development, China's annual production capacity of mini cars has surpassed 50,000. The annual output is expected to reach 50,000 in 1991, 50,000-60,000 in 1992 and 70,000-80,000 in 1993.

### More Key Projects Go Into Production in Henan

*OW1911191591 Beijing XINHUA in English  
1441 GMT 19 Nov 91*

[Text] Zhengzhou, November 19 (XINHUA)—Four large industrial projects in central Henan were recently completed. The projects are expected to help revitalize the province's economy.

These projects include a color kinescope glass shell making factory, largest of its kind in the country, a light automobile plant, and two thermal power generating units.

With a total investment of 1.68 billion yuan (about 317 million U.S. dollars), the projects were built during the Seventh Five-Year Plan period (1986-90) and have reached world standards of the 1980s in technological terms.

These projects will respectively produce annually 4.6 million sets of glass kinescope shells, 10,000 light automobiles, and 2.4 billion kwh of electricity.

### Industrial Output Value of 13 Cities Jan-Oct 1991

*HK2111131691 Beijing CEI Database in English  
21 Nov 91*

[Text] Beijing (CEI)—Following is a list of total industrial output value, including light industrial output value, in 13 Chinese cities authorized to formulate their own plans independently in the first ten months of 1991, released by the State Statistical Bureau:

				(Unit: 100 Million Yuan)
	Total	Up Over 1-10/90 (PC)	Light	Up Over 1-10/90 (PC)
Shenyang	274.48	8.5	88.19	3.8
Dalian	221.32	9.1	78.40	7.1
Changchun	122.10	13.0	47.07	7.1
Harbin	167.39	9.5	74.57	9.4
Nanjing	175.55	18.5	79.85	13.6
Ningbo	224.82	27.5	137.16	30.1
Xiamen	83.31	23.5	58.39	21.6
Qingdao	236.85	9.5	143.03	8.8
Wuhan	251.00	4.3	103.03	7.0
Guangzhou	401.37	22.1	264.07	22.5
Chongqing	271.02	14.2	110.76	11.9
Chengdu	213.70	19.6	85.78	19.9
Xian	143.76	12.1	64.28	13.0

Note: Industrial output value is measured in 1990's constant price

## LABOR

### Article on Unemployment Insurance Reform

92CE0144A Beijing JINRONG SHIBAO in Chinese  
28 Oct 91 p 3

[Article by Hu Zhen (5170 2182) and Shao Guangqing (6730 0342 3237), People's Bank, Ezhou, Hubei: "Ideas About Unemployment Insurance System Reform"]

#### [Text]1. Two Goals

Every country that establishes an unemployment insurance system has two basic goals: The first is to ensure basic social, political, and economic stability; and the second is to try to readjust and optimize the economic structure. In a plan economy, the establishment of an unemployment insurance system places particular emphasis on guaranteeing a basic standard of living for every member of society by providing widespread employment at low wages to effect social stability. In a commodity economy, the emphasis of the unemployment insurance system is on drawing on limited unemployment to shape a survival of the fittest mechanism, using a rational flow and optimized distribution of the workforce and all resources to readjust the structure in an effort to get greater economic returns. Sometimes these two goals are contradictory.

Under the unemployment insurance system of widespread employment at low wages, although we succeed in "everyone having a job and everyone having food to eat"; we do it at the price of a decline in economic returns, poor product quality, an oversupply of goods for which there is no demand, severe structural imbalance,

and year after year fiscal deficits. This price is increasingly difficult for our economy to bear. Statistics show that "hidden unemployment" in enterprises today affects between 15 and 20 percent of staff members and workers. Since there is no way to place these surplus personnel, some enterprises that should be eliminated have relied on transfusions of credit funds for a long time to maintain life. The goal of insurance system reform and innovation lies in having an unemployment insurance system that helps us shape a survival of the fittest mechanism in our economic life, using this as a means for spurring readjustment of the economic structure and improving returns without shocking society unduly.

#### 2. Basic Framework

(1) A rational definition of who is to be covered and the conditions for unemployment insurance coverage requires a strict definition of who is unemployed. We believe that the unemployed are those who are able to work and who want to work but who have lost the opportunity to work or are temporarily not working, and depend on a job to get the means of livelihood.

(2) Raising money for an insurance fund from many quarters. There are various ways to go about raising money for an unemployment insurance fund. In China, the principle adhered to in raising money for an unemployment insurance fund is for enterprises and individuals to carry most of the burden, the state playing a supplementary role. Enterprises have to withhold 1.5 percent of staff members and workers monthly wages for this purpose. Mandatory individual savings is the method used with individual households. After the unemployment insurance administrative organization collects a percentage of each individual's earnings, it sets up a special savings account, eschewing the old road of having the central government treasury bear responsibility for unemployment insurance.

(3) Strict control over the issuance and use of insurance fund money, including in the following several regards: First is the formulation of issuance procedures. Second is the setting of a reasonable waiting period. Third is defining issuance standards. The step-by-step decrease principle must be followed in the issuance of insurance funds. Fourth is making sure that the fund appreciates appropriately. Only by doing a good job in the above regards will procedures for the issuance of unemployment insurance money be strict and regulations fair, unemployment insurance thereby truly playing the rule of a stabilizer.

(4) Setting up of a special organization to enhance unified administration. An unemployment insurance administrative organization must perform five main functions, namely the insurance fund money raising function, the administration and issuance function, the value appreciation and accumulation function, the employment training function, and the employment broker function. These requirements must form the basis for defining the organization's character. It must be a

government organization rather than a business enterprise. Ideally, government labor departments should set up a special administrative agency for this purpose.

It must also be pointed out that in an administrative system that relies on labor units there are bound to be shortcomings in improvement of economic accounting, and in improving the funds utilization rate, appreciation of the fund's value, and accumulation. For this reason, unemployment insurance work will have to go hand in hand with economic reform, wage reform and reform of the entire social insurance system. The form of organization and the administrative system will require further efforts to find new approaches.

### 3. Associated Measures

(1) Need for legislative guarantees. The real effectiveness of the "Temporary Regulations For State-owned Enterprise Staff Member and Worker Unemployment Insurance" is only that of most fiscal system regulations; consequently, the state must promulgate an "Unemployment Insurance Law" as a legal basis for implementation of the new system. The "Unemployment Insurance Law" must provide clear regulations about unemployment, the definition of an unemployed person, conditions for receipt of assistance, benefits, time limits, unemployment registration, raising of money, use, and management of the fund, and state and enterprise rights and obligations so that laws can be applied in the carrying out tasks.

(2) Reform of the fiscal and monetary system. During the near term, both state and local government fiscal authorities must appropriately lower the base figures for amounts to be tendered to the insurance fund when enterprises are unable to fulfill their contracted profit norms because of the increase in expenditures for costs resulting from withholdings for the fund. Over the long term, a gradual transition must be made from the present withholdings on the basis of total wages to build up the unemployment insurance fund to a system in which the collection of a wage or salary tax, collection of an individual earnings adjustment tax, and the establishment of a special savings account are paramount. In reforming the monetary system, the restrictions that do not permit the use of social insurance funds for financial business dealings must be swept away to enable the fund to improve its own "blood making" function through the establishment of multiple sources of funds, this social endeavor thereby operating more effectively.

(3) Perfection of the employment training system. Staff member and worker employment training includes two components. One is training in vocational skills and vocational ethics for young people who have completed their general education. Second is attention to the training of unemployed personnel for a change in vocation or to improve their special expertise. In overall terms, improvement of the country's vocational skills training system is a fairly important strategic measure for solving the unemployment problem.

### Sharing Social Security System Cost Burden

92CE0144B Beijing JINRONG SHIBAO in Chinese  
21 Oct 91 p 3

[Article by Xue Feng (5641 1496), Shaanxi Academy of Finance and Economics: "Ideas About Improving China's Social Security System"]

[Text] Building and perfecting the social security system is a major task in economic system reform during the Eighth Five-Year Plan period. In view of the country's circumstances, I believe that the key issue in this system reform is funding, work being done in three regards as follows:

#### I. Pattern Change Problem

Everyone knows that formerly the country's social security system was always largely state-supported. The country's financial resources make continuation of this pattern difficult; reform is needed. New ideas call for a change from the former system in which the state played the main role to one in which the state, enterprises, and individuals share the burden in common. However, at least two major problems need clarification as follows:

Nature of the pattern. The former pattern was that of a free social security system funded largely out of the state treasury. All the security provided enterprises and citizens relied on huge fiscal subsidies for support. Following the shift to a system in which the state, enterprises, and individuals shared the burden, it became a solvent support system. A price has to be paid in order for enterprises and individuals not to be nagged by worries, and that price is the establishment of a special security fund with a financial institution providing service and management for a fee. Failure to understand this change in character and to continue to rely on government subsidies for support although the state, enterprises, and individuals jointly share the burden makes the change a cosmetic one in which social security cannot serve as a stabilizer in economic life.

Steps in realizing the pattern. In view of the country's present circumstances, a policy of steady and gradual advance must be adopted, but there has to be a certain emphasis at the same time. This is because the ability of the state, enterprises, and individuals alike to support social security is limited. Thus, only small steps can be taken today to decrease the state's burden somewhat. Once various economic relationships have been sorted out, fuller reforms can be made to increase both enterprises and individuals share of the burden. Therefore, public opinion must be propagandized now to prepare both enterprises and individuals psychologically so that the change of pattern can be conducted smoothly without a hitch.

#### II. The Problem of Raising Money for the Fund

How to set reasonable limits for the state, enterprises and individuals during the course of social security

system reform so as to ensure consistent and timely receipts from the fund is a crucial problem. Currently, fairly feasible means include the following:

1. The portion of the burden that the state bears must be concentrated on relief and support for the needy, unemployment insurance, medical treatment and health care, and appropriate subsidization of housing. Funds for these purposes can come from the withholding of a percentage of revenues, and a specific category of government disbursements can be set up for their exclusive use for these purposes.

2. The portion that derives from enterprises must be concentrated on worker injury security, old age security, medical treatment security, and housing subsidies. Funds for these purposes can come from the withholding of a certain percentage of the total wages of staff members and workers in enterprises, or a certain percentage of enterprises' after-tax profits may be applied. All such funds should be kept in designated accounts for designated purposes and not diverted to other uses.

3. The portion for which individuals are responsible should be concentrated on old age security, partial medical treatment security, insurance security, and housing security. Sources from which funds for these purposes may be raised include the following: a) Legally mandated compulsory savings such as legislated old age savings accounts; b) voluntary payments from citizens based on their earnings level that are paid into special accounts; c) a certain percentage of increases in staff member and worker wages transferred into social security fund accounts for them rather than paying them the total amount of their wages.

The foregoing analysis shows that only the state and enterprises are currently able to contribute to the fund; the percentage obtained from individuals must be increased. However, the positive role of the state in social security should not be lost sight of just because of reform.

### III. Specific Management Problems

1. Agency administration. The existing system should be used as the foundation for: a) the state to set up a special agency in charge of administration; b) establishment of special department and trade agencies for administration while simultaneously being sure to make use of the role of existing agencies; and c) improving and perfecting the social security service facilities of entrepreneurial groups.

2. Fund administration. a) Greater control over day-to-day expenditures to insure that fund payments are reasonable, timely, and fair. b) Control over the use of the fund. The principle of a combination of fluidity and appreciation in value, and of reasonableness and stability must be adhered to insure that normal disbursements and uses of the fund are reasonable. c) Control of investment methods. An optimized make-up and a rational matching of investment methods must be

adopted, including money market investments, consumer credit investments, and bank savings investments.

3. Coordinated administration. Coordinated administration means mostly good performance in controlling the distribution of national income, readjusting distribution policies, and fairly defining the percentage that the state, enterprises, and individuals are to receive to improve the ability of the three to support social security reform.

### Establishing Rural Social Insurance System

92CE0099A Beijing JINRONG SHIBAO in Chinese  
4 Oct 91 p 3

[Article by Wang Xingsheng: "Establishing a Rural Social Retirement Insurance System That Conforms to National Conditions"]

[Text] Following our country's economic development and widespread establishment of a cities and towns labor social security system, the issue of social retirement insurance for our vast rural area is gradually placed on the agenda.

What is termed the rural social retirement insurance system is a system formed step by step from regulations issued by the national or local government, using socialization to push a widespread resolution of retirement security for the vast peasants, village cadre and township and town labor.

The degree of socialization of the rural social retirement insurance system is determined by the level of rural economic development. On the whole, the level of development of our rural productivity at present is low, and has many administrative layers. Speaking of the country as a whole, the annual per capita income in rural areas for the majority is between 600 to 900 yuan, with a few above 1000 yuan or below 500 yuan. This kind of economic condition has determined that the current phase of our rural retirement insurance possesses the following characteristics.

First, it is regional. At the present phase, China cannot establish a unified rural social retirement insurance system. It can only have the province or municipal area as a unit, issue regulations, proceed separately and be established gradually.

Second, it is multi-layered. This is manifested in the varied criteria and many versions of collective subsidies.

Third, it is gradual. The rural social retirement insurance system can only be established gradually, first in the more affluent areas, then the comparatively affluent and then the middle areas.

Fourth, it is cumulative. Because the vast peasants engage in decentralized production management, there is no fixed wage income, and it is more difficult to accumulate insurance funds. Thus, the rural social retirement insurance system can only be accumulative and cannot be one that will pay as you receive.



Establishment of our rural social retirement insurance system must respond to the rural economic and peasant psychological ability to support it; it must also be adaptable to the multi-layered and unbalanced nature of the rural productive levels. For these reasons, the following principles must be adhered to:

1. Individual contribution is primary, collective subsidies are supplementary. Rural social retirement insurance cannot go the route of city and town labor retirement insurance, it must establish its own principles and style. This means the amalgamation of self-security with social security, self-contribution primarily supplemented by collective subsidies, arousing the enthusiasm of both peasants and collectives. Generally speaking, the individual bearing 60-70 percent and the collective 30-40 percent would be best. Staff and workers of rural enterprises can choose the method of setting aside a portion before taxes, with the trio of individual, the enterprise and the country jointly sharing the burden.

2. Fund accumulation system. Funding styles of social insurance largely can be divided into three: Receive and pay as you go system, half-accumulative and accumulative. Our rural retirement insurance cannot adopt the style of the cities and towns labor system of receive and pay as you go, it would be best to establish a system of fund accumulation. That means that peasants as well as staff and workers of village enterprises and village cadre may, according to a specified standard, contribute a fixed sum annually to the retirement insurance fund to provide for accumulated funding needs in one's old age. At the same time, village and town enterprises must also subsidize part. The insurance company establishes individual accounts, entering the individual and collective contributions to the insurance fund in the individual's name, paying monthly to that person at retirement.

3. Diverse security criteria. The multi-layered nature of the vast rural productive levels has resulted in great discrepancies in the various regions' economic development. This kind of economic characteristic has determined that security criteria for rural social retirement insurance will not be a singular one as with that of the entire country's laborers. Instead, it must start at the local region's economic level, proceed with measured strength, use many kinds of fee payment criteria, and many kinds of security levels. Affluent regions should have the individual pay more, and the collective subsidize more, the level of security should be higher. The more numerous middle regions would be correspondingly lower. Following economic development, the security level will gradually be raised. Concurrently, the ways to contribute to the insurance fund should be varied. It can be calculated monthly for the year, in one lump sum, or in installments.

At present, there are provinces and cities in China where rural retirement insurance policy comes from many government sources, with many administrators and managed by many agencies. It has resulted in hindering the development of rural retirement insurance. At the

present stage, how can a rural social retirement insurance system be established? We feel that the primary way is to let the government concentrate on policy, and the insurance department take care of business.

Looking at the actual experience of Liaoning Province, it will not do to depend on only one department. It must be a close collaboration by the three elements of system reform, civil administration and insurance departments, and division of labor working in cooperation. Departments concerned with reform should be responsible for defining policy, coordinating organization, consolidating experience, and establishing managing systems. Civil administration should be responsible for defining plans, measures, supervision and inspection, fully developing its role in the dual networks of executive function and rural grass roots level social insurance. Insurance departments are responsible for conducting business. As the insurance company has a healthy mechanism, consummate networks, advanced fund-managing methods and functional ability to increase funding value, cost will be low, value of funds will increase rapidly, and peasants will feel more at ease if the insurance department handled the business. If other fires are stoked by government agencies, costs will inevitably be higher, increased value will be difficult, and a social insurance system will be difficult to form.

### Female Model Workers Endure Hardship

92CE0105A Beijing GONGREN RIBAO in Chinese  
8 Oct 91 p 3

[Article by Chengdu Female Workers Bureau: "Joys and Sorrows of Female Model Workers; Survey of Situation Regarding Some Chengdu Model Workers"]

[Text] Since the Third Plenary Session of the Eleventh Central Committee, Chengdu, Sichuan, has been commended for having a total of 325 national, provincial and municipal female model workers. They account for 19.52 percent of all model workers during the period in question. The Chengdu Female Workers Bureau recently undertook a sample survey of 40 female model workers in industry, communications, finance, trade, capital construction, science, education, literature and art. Of the group, 80 percent are older than 40 years. Some 57.50 percent have a secondary school or higher education; 11 have college (or trade school) educations and 12 have secondary educations. Thirty-five of the group, 87.5 percent, are party members. Fourteen of these women have been responsible for grassroots and departmental level leadership work. There is one representative in each of the National People's Congress, the Chengdu People's Congress and the Chengdu Party Congress. The survey found the following.

#### 1. Female Model Workers Set Examples

Besides the same basic conditions and advanced ideology as male model workers, females exhibit a total spirit of self respect, self confidence, independence and strength. Following the party's long-term nurturing and

teaching, they fully understand that working women would not be liberated or have stood up were it not for the party's leadership and the security of the socialist system. Thus they ardently love the party, China and socialism. In their work they manifest a fierce desire to work, a sense of responsibility and an unselfish spirit of sacrifice. They set an example for most female workers. The advanced thinking and deeds of these female model workers encourage and excite the female workers of Chengdu.

## *2. Hardships and Difficulties of Female Model Workers*

1. Many female model workers are mocked. They face great ideological pressure.

Many people find the advanced thinking and deeds of female model workers incomprehensible. Some even mock and deride them, saying they "walk on water, aiming to be officials." The survey found that some female model workers are envied because of their many contributions; some are cold shouldered because they uphold principles and oppose incorrect practices; others are ridiculed because they like to contribute. After becoming female model workers, 42.5 percent of the 40 women surveyed have been mocked, and 50 percent have more worries than before they were named. It is commonly the case that "it is hard to be a model worker" and "young people have no desire to be model workers."

2. Female model workers excessively burdened by dual home and job responsibilities.

Some 98 percent of the 40 women surveyed are married. They face many conflicts and difficulties at home and work. They put forth enormous effort. If computed in hours, eight of the 40 women surveyed have worked more than 400 work days per year since being chosen as models. They have practically no days of rest. Forty-eight percent work more than 10 hours per day while still putting in an average of over three hours of housework. Wu Xiangmei, a special female model worker of the commerce bureau who is manager of the Hongguang store of the Chengdu Hardware Company, accumulated 6,571 work days over the 14 years between 1977 when she was chosen as a model worker and 1990. Based on a 306-day work year, that corresponds to 21 years of work. While taking part in material production, women also bear responsibility for reproducing the human race. More of the burden for bearing and raising children and supporting the elderly falls upon women, adding to the physical and mental burdens of female model workers and meaning ever more hardship in their success. Wu Xiuyun, a Sichuan model worker who labors at the liquor counter of the People's Store, has come in early and left late for many years. After her parents became ill and were hospitalized, she continued to go to work in the daytime and look after them in the evening. She said with feeling, "I would have collapsed long ago were it not for the support of my spirit. It is not easy being a model worker, and being female on top of it is all the more difficult."

3. Many female model workers in poor health due to long-term overwork.

Of those surveyed, 19 women or 47.5 percent suffer from chronic liver, gall bladder, kidney disease or gynecological problems. A major cause of poor health among female model workers is long-term overwork. Subjectively speaking, they often continue putting new demands on themselves in order to contribute more to society and attain new work standards so as to deserve their honors. Objectively, some of the masses and even the leadership lack the proper care and understanding of female model workers. In some areas it is actually so bad that "it is the model workers who get the difficult and heavy tasks. If no one comes to work, they will do the job, and if they get sick, others just ignore it." A female model worker at a certain textile plant said that she continued to come to work after she fell and was hurt, resulting in chronic lumbar muscle strain. When a doctor recommended she rest a few days, she was vexed to hear a secretary on her shift say that after receiving honors she sought to find a reason to quit working with machinery.

4. Few opportunities for female model workers to study.

Only two of the 40 women surveyed received additional training after being selected. Although they are the backbones of production, some units are loathe to let them go for training. They fear doing so would affect the work at their post and so they only look at the interests at hand. Some grassroots leaders still adhere to the old notion of "regarding men as superior to women." They take advantage of female model workers but seldom give them training. Under similar circumstances, female model workers have fewer chances to study or pursue advanced study than males. One worker, repeatedly chosen a model by the ministry, province, and city said, "I have never gone to study from the time I was chosen as a model worker at age 30 years or so until now. There is nothing for me but work. I am now nearing retirement so it is no longer possible to study but I hope that younger model workers will have a greater chance to do so. This will help them play a larger role."

5. Policies regarding rewards and other matters for model workers not well implemented.

Some grassroots level leaders take a cut of or fail to turn over rewards given to model workers by the party and the government. Yet the model workers still do not question the matter, lest it be said that "model workers want to count out every catty." In 1988, after a professor at the Western China Medical School was chosen as a model worker, the school gave her a reward and advanced her one wage grade, whereas everyone else was advanced two wage grades. The reasoning was that she had already been rewarded. The director of a certain grain store was chosen as a provincial model worker in 1989. A relevant document stipulated that she was to be advanced one wage grade. Her unit initially refused without comment to her. Once she was aware of it she asked why and was reimbursed only after many setbacks.

The result was, that year she received only a two percent wage reward, said to be her portion of the target, although figures were not provided to the sales department. This model worker was in a difficult situation. The masses did not understand, saying, "everyone works but it is the model workers alone who get money." Documents stipulate that those chosen as model workers shall be properly rewarded by one wage grade but some managers fail to enact the spirit of the documents, using the excuse that so doing would provide overly high wages.

Some model workers who are members of the intelligentsia report that the State Council policy stipulating that high-level female scientific and technical personnel should retire at age 60, the same as men, has not been enacted.

### 3. Several Suggestions

1. We must really improve how model workers are handled. Every unit must establish files on them and respond to changes in their situations in a timely manner. Reports must be sent to the workers committees at higher levels regarding such matters as changes in their work, leave (retirement) or death.

2. We must develop studies for the masses and go after advanced undertakings, fully utilizing advanced model workers' examples and role as backbones. Each unit must energetically propagate the advanced thinking and deeds of model workers in its own unit, industry or region. They also must promote their advanced experience and techniques, teaching workers the correct understanding and treatment of model workers, and also to respect and support their efforts, study their advanced deeds and reach their advanced levels. We must gradually create an atmosphere in which everyone learns from and strives after the advanced, altering the situation in some places such that "what is advanced stinks, so it is difficult to be a model worker."

3. We must augment the educational training of female model workers. Every unit must be concerned with their growth and development and help them improve their technical abilities and scientific and cultural levels. We must actively create conditions allowing them opportunities to study, go for further schooling or advanced training. At the same time we must improve the ideological and political work of female model workers, teaching them the correct handling of their honors, how to get closer to the masses, be modest and prudent and strive continuously.

4. We must concern ourselves with female model workers' lives and work. Every level of the party, government departments and work organizations must have closer relations with model workers, hear their opinions, listen to their wishes and desires, and help them solve some practical problems. We must care for and respect their health, taking full heed of the physiological characteristics of women, go all out to alleviate their social burdens, and the problem of overwork which some face.

We must neither neglect to protect their peculiar circumstances just because they are busy with production nor one-sidedly praise and promote the view that female model workers care only for work, not their health.

5. We suggest doing a survey of the model worker reward policies of each grassroots level unit. We must not mix the rewards and common salary increases of model workers with general wage readjustments.

6. Regarding the retirement age of high level female model workers who are members of the intelligentsia, we suggest it be extended to age 60 in accordance with the spirit of the relevant central government document. In this way their intellectual talents will be fully utilized. They will be passed on to the next generation, helping and setting examples for them.

### Zhejiang Adopts Policy To Reform Enterprise Labor

OW0412031091 Hangzhou ZHEJIANG RIBAO  
in Chinese 24 Nov 91 p 1

[Report by Zhang Yonghuo (1728 3057 3499): "Our Province Introduces New Policies To Reform the System of Use and Allocation of Labor in Enterprises"]

[Text] The Zhejiang Provincial People's Government recently approved and transmitted opinions of five units, including the provincial labor department, on various policies concerning trial efforts to deepen reforms in use and allocation of labor in enterprises, in order to further implement enterprises' autonomy in use and allocation of labor, evoke the enthusiasm of enterprises and workers and staff members, and enhance the vitality of enterprises, particularly large and medium ones.

—Enterprises can determine by themselves the setting up of organizations and the size of personnel staffs according to the needs of production and operation. They themselves should decide on plans for labor use and submit such plans for the record to competent departments in enterprises and labor administration departments of the same level. Those enterprises that fail to employ enough workers from local cities and towns can employ youths awaiting jobs in cities and towns of larger cities and counties in the province. Those key production workers who have signed more than five years' worth of labor agreements with enterprises, worked more than three years, and performed relatively well can transfer their household and grain registrations to the addresses of their enterprises upon examination and approval by the people's governments of prefectures, cities, and counties in which their enterprises are situated.

—By promoting the system of all-personnel labor contracts and contracted management inside enterprises, we will bridge the status gap that exists between workers and cadres, enable workers to vie for posts held by cadres, and enable cadres to switch to workers'

jobs. All types of personnel under overall arrangement and allocation and transferred workers and staff members who are allocated and assigned according to state policies and provisions to enterprises that pioneer the system of all-personnel labor contracts should be subject to the labor contract system. After optimizing its labor composition, enterprises reserve the right to dismiss personnel who have enough to spare, provided that such dismissals are based mainly on the ability of absorption inside enterprises and is kept within the 1.5-percent margin of the original fixed number of workers and staff members.

—Enterprises that implement the all-personnel labor contract system can draw 2-3 percent of the total wages of workers and staff members as compensation funds for risks. They can use such funds for medical care for workers and staff members and compensation for risks undertaken by those awaiting employment. When workers and staff members terminate or dissolve their labor contracts with enterprises, part of the compensation funds for risks will be returned to them.

—Enterprises can exercise their autonomy to decide on ways and methods of allocating wages and cash awards within the limit of the predetermined total amount of wages. They can also exercise their autonomy to establish a regular promotion system of examination of workers and assessment and to decide on their own prerequisites for promotion and time for salary increments, provided that they can pay for one year the extra funds incurred by promotion and regular cash awards. Enterprises that implement the system of wage payment according to job-related skill can draw an additional monthly per capita sum of 15-20 yuan from benefits, wages, rewards, or funds to reform the basic wage system of enterprises. They can use such funds for planned retirement fees for workers and staff members and base figures for funds on labor protection, welfare, and remuneration.

—It is necessary to improve medical and management methods in enterprises and extend the benefits of social insurance for those awaiting employment. Enterprises can proceed in actual situations to provide limited payment of medical fees, retain monetary amounts that are saved, and expect each individual to cover excess medical expenditures with a small amount of money (the amount should be in accordance with the individual's income at the enterprise). It is essential to extend the benefits of insurance for those awaiting employment, those who have enough to spare and are dismissed from enterprises, and workers and staff members who are removed or discharged.

The provincial government asked governments at all levels and relevant labor departments to pay attention to and support its pioneering efforts and promptly mediate and solve problems encountered during such efforts. In addition to 12 pioneering enterprises designated by the

provincial government, all localities can select enterprises with rather good qualifications for such pioneering efforts, gather some experiences, gradually popularize such efforts to the whole province, and strive to effectively carry out reforms in this regard in about two years' time.

## TRANSPORTATION

### Anhui Factory Develops Improved Freight Train Wheel

OW3011030091 Beijing XINHUA in English  
0245 GMT 30 Nov 91

[Text] Hefei, November 30 (XINHUA)—A new generation wheel for freight trains was recently developed by the Ma'anshan Iron and Steel Company in east China's Anhui Province.

The new wheel weighs 25 tons and has a diameter of 915 millimeters. The wheel's load capacity reaches 80 tons as against the previous wheel's 60 tons.

The design and manufacture of the new wheel was listed as a key state project during the Eighth Five-Year Plan period (1991-95).

The new wheel offers a number of other improvements, including less resistance to forward movement, increased speed, and longer service. The wheel is expected to increase China's rail transport capacity by 30 percent.

## AGRICULTURE

### Official Comments on Growth of Feed Industry

OW0312150791 Beijing XINHUA in English  
1423 GMT 3 Dec 91

[Text] Shenyang, December 3 (XINHUA)—China's annual feed processing capacity has reached 30 million tons, double the 1985 figure, said Li Ruishan, an official from the China Association of Feed Industry.

According to Li, China now ranks as the world's third largest feed producer.

Speaking at a recent national feed production conference which ended here Monday, Li, the director of the association, said that during the Seventh Five-Year Plan period (1985-1990) China's feed industry not only increased the quantity of feed production, but also improved the quality.

At present, China's feed industry produces a variety of feeds which fulfill the nutritional needs of pigs, chickens, ducks, fish, shrimp and milk cows during different growth periods.

Li attributed the achievements to the great efforts governments at all levels have made during the past five years, and to the application of advanced science and technology.

He pointed out that some 35 scientific and technological achievements developed in China over the past five years fulfill international standards. In addition, according to Li, antibiotics, vitamins and other additives produced domestically have replaced a large portions of imports.

Li said that all feed processing factories in the country which have an annual processing capacity of over 10,000 tons each are computer controlled.

### Stabilizing Supply, Demand for Shanxi Cotton

92CE0090A Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 8, 25 Aug 91 pp 30-32

[Article by Wang Mingchen (3769,2494,3819): "Reflections on Stabilizing Supply and Demand of Cotton in Shanxi"]

[Excerpts] Cotton is an important commodity in people's livelihood and national planning. Cotton production is greatly related to the needs of the people, the military and to national economic development. For a long period of time, the cotton produced in Shanxi Province has not been able to meet the demand of the textile industry, especially after the State Council adopted the policy in 1989 making each province responsible for its cotton needs, and designating Shanxi as self-sufficient in cotton, which further accentuated the contradictions in the supply and demand of cotton. To achieve supply and demand equilibrium, I offer the following reflections. [passage omitted]

#### Experiences and Lessons.

Since the founding of the PRC, the history of developing cotton production in Shanxi tells us that when our policy and measures matched the benefits and expectations of cotton farmers, cotton production increased steadily; but when policy ran counter to the cotton farmers' benefits and expectations, it discouraged their initiative, and cotton production fluctuated and declined. Based on many years of practical experience, the basic lessons for developing cotton production are:

1. Appropriate policy. The main basis for the state-set cotton price is the 1:8 price ratio of grain to cotton. In the 1950's, this policy was well implemented; cotton production shot up, and the quantity of cotton procured increased from 418,000 dan in 1950 to 2.26 million dan in 1958. In the early 1960s, cotton production declined by a large margin as a result of serious natural disasters and harmful effects of the "Great Leap Forward." After adjustments were made, raising the procurement price, implementing a bonus policy, increasing contract funds, and exchanging cotton cloth for the cotton the farmers kept for themselves, cotton production quickly

rebounded to the production level of the 1950's, and 2.047 million dan were procured in 1965. After the Third Plenum of the 11th CPC Congress, the country successively raised the cotton procurement price three times, and implemented higher prices for cotton produced over quota. Because cotton farmers received great economic benefits, cotton production increased sharply, and reached a historic high point when 2.359 million dan of cotton were procured in 1982. The practical experiences of 40 years demonstrate that cotton production declined when the grain-to-cotton price ratio dropped below 1:8, stabilized when the 1.8 ratio was maintained, and increased when the price ratio exceeded 1:8.

2. Guarantee production inputs. With the government supplying plastic film, insecticide, and chemical fertilizer as a reward, keeping the fertilizer price low so that more of it is used when more cotton is produced and sold, encouraging increased use of chemical fertilizer including organic fertilizer, and conditions for production improve accordingly. In 1987, Shanxi for the first time broke the barrier of 100 jin per unit area yield, and in the succeeding four years maintained per unit area yield above 50 kg.

3. Expand appropriate technology, use science and technology to develop cotton. The use of fine seeds and plastic film has enabled Shanxi cotton Nos. 7 and 11, and medium grade cotton No. 12 to be popularized. In the early crop regions, the area for Shanxi Nos. 6 and 10 has expanded to 300,000 mu; 50 percent of the area was covered with plastic film. In early 1989, the provincial government decided to adopt a group contract system for cotton production and purchase, and supply and marketing cooperatives were especially useful as a new channel for the Cotton-Hemp Company to improve systematic services, all of which greatly boosted the development of cotton production. [passage omitted]

#### Policy and Implementation.

Given good production conditions, it is still necessary to have the guarantee of good policy and measures before the production goal of the Eighth Five-Year Plan can be met.

1. Policy should be stable. In the socialist-planned economy of our country, the importance of cotton to the people's livelihood and national planning is second only to grain. To ensure an adequate cotton supply to meet the people's and the country's needs, and exports to earn foreign exchange, there must be a stable policy for cotton production. Unlike the past, we can no longer cut production given a surplus, and rush production when there is shortage; or lower the grade and price when cotton is plentiful, and raise the grade and price when cotton is in demand. The key to stable development of cotton production lies in a rational grain-to-cotton price ratio. The 1:8 ratio we have used for many years is a rational one. In 1990, in Linfen Prefecture, the average sale price of cotton was 3.52 yuan per one-half kg, and the average negotiated price of wheat was 0.40 yuan per one-half kg;

the grain-to-cotton price ratio of 1:8.8 can be said to be appropriate. If the grain price is unchanged, this policy should be maintained; neither should prices of materials awarded as bonuses of cotton production be changed at will. From now on, when the grain price is raised, consideration should also be given to raising the price of cotton. It is also necessary to use grain as the basis to determine other crop prices, and control the unchecked planting of other economic crops.

2. Propaganda should be thorough. [passage omitted]

3. Area should be workable. Without area, how can there be production? Given the premise that grain production must be steadily developed, Shanxi can allocate around 2.5 million mu to cotton production. To address the question of cotton area is also to address the question of grain area, and the main ways to add 500,000 mu of cotton area are: First, develop the area along the banks of the Yellow River in southern Shanxi, and the banks of the Fen River which can be used to plant cotton. Shanxi has over 1 million mu of beaches and shoals in and along the rivers, and it is possible to reclaim and develop 300,000 mu during the Eighth Five-Year Plan. Second, reform the cultivation system, and strive toward the goal of producing cotton and wheat jointly. In irrigated cotton fields, develop double cropping of cotton and wheat; apply new technology to cotton fields; add financial, material, and technological inputs; increase land utilization rate, and achieve increased cotton and wheat production. Third, transform low and medium output fields located in arid areas by introducing irrigation ditches and raising the level of single crop cotton produced from arid fields which constitute one-third of the total area under cotton. Fourth, gradually implement mechanized farming, develop mechanized cultivation, sowing, use plastic film, dig irrigation trenches, change production conditions, and increase land productivity to ensure high yield from irrigated fields and stable yield from arid fields. Only when each area takes into account its own conditions, and vigorously pushes ahead on the basis of its past successful experience can we build a firm foundation for developing cotton production. In terms of consolidated development of large areas, particularly in developing "both banks" of rivers (beaches and shoals), the government should task the relevant departments to apply uniform regulations, to coordinate and vigorously support all aspects of production (agricultural, water conservancy, and farm machinery), and increase investment in key projects so that development plans can be realized.

4. Key points should be emphasized. To work toward building a production foundation, effort should be focused on large counties with over 100,000 mu of area producing more than 100,000 dan of cotton, in large villages (towns) with over 10,000 mu of area producing more than 20,000 dan of cotton, in villages with more than 1,000 mu of area, and in large households in large villages each with area of more than 10 mu. In Linfen Prefecture, as well as in Jinzhong, Luliang, Jincheng, we should include towns with more than 5,000 mu, villages

with more than 500 mu, and households with more than five mu of area. Cotton farmers should be guided toward greater specialization, commercialization, regions, and intensive farming. Based on the principle of voluntary participation by farmers, we should make appropriate adjustments for cotton farmers who lack the necessary crop land, optimize cotton distribution, promote continuous planting, and implement scale management. These steps will facilitate popularization of cotton growing techniques, practical application of various measures to increase production, standardized management, and socialized services. At the same time, by identifying the weaker areas, we should help those counties with a poor cotton production improve, and raise the commercial quality of cotton.

5. Technology should lead the way. For Shanxi to realize the goal of producing 3 million dan of cotton, the only avenue is the application of technology to cotton production. There are many areas in Shanxi with comparable natural conditions, but great variations in the per unit area yields, Xiangfen County averages 83 kg per mu, Linfen City 29.3 kg per mu, and Hongdong County 28 kg per mu. From the standpoint of procurement, the two old, large, cotton-growing counties of Hongdong and Linfen cannot match that of Pingyao County. These counties and cities have great potential for increased production, but the main reasons for their low productivity are the lack of workable area and scientific cotton growing techniques. Therefore, we should fully arouse the initiative of technical cotton-growing personnel, and strengthen the technical network at the village and town level; even at that level, we should establish technical support stations staffed by two to three persons to promote and speed up use of new techniques. We should push for using low-cost techniques for producing high-quality cotton, sowing fine seeds, applying fertilizer on the basis of soil testing, practicing reasonably close plantings, plastic film cover, applying appropriate chemicals to protect against diseases and insects, alternating cotton and wheat plantings, irrigating in timely fashion, and introducing irrigation ditches to transform medium and low productivity fields to achieve new breakthroughs in production. Low productivity areas can also hire retired cadres experienced in growing cotton from villages and towns in Xiangfen, Yuncheng, and Quwo counties to provide detailed guidance, and to popularize the "early cotton planting method" based on the age and size of leaves, developed through research by Yang Dingyu [2254 1353 1342] of Xiangfen County, that will standardize sowing and management, and raise unit area output.

6. Services should be maintained. We need to develop vigorously and improve the social services system. The contract group responsible for cotton production and procurement in Shanxi should further strengthen its internal structure and improve its system of responsibility; it should link up with the goal-oriented responsibility system of cadres at various levels, and develop gradually toward coordinated production, compensation, rewards, and services. It should take charge of

supplying, utilizing, and assessing monetary, material, and technological inputs, and link the quantity of cotton produced, and the variation of benefits accrued to cotton farmers to the contractor's own benefits. Supply and marketing cooperatives should strengthen systematic delivery services before, during, and after cotton is produced, and provide in a timely manner high-quality chemical fertilizer, insecticide, and plastic film. In recent years, high-priced but second-rate chemical fertilizer and insecticide, particularly fake and ineffectual phosphate fertilizer and insecticide, have caused great harm to farmers. It is the undeniable responsibility of the department in charge of materials and supplies to put an end to this type of situation. In procuring cotton, it is necessary to implement correctly government policies on cotton inspection standards, prices, and bonuses, and ensure that materials given as bonuses are provided to help the development of cotton production.

7. Leaders should pay attention. Cotton issues have great influence on the overall situation, and relation to economic, political, and social stability. Leaders at all levels should have a new awareness of the importance of cotton production, place it in an important position equal to that of grain, and strengthen leadership, coordinate all relevant aspects, apply appropriate policy, develop a contract group system, improve services, give the necessary assistance to villages and towns at the grassroots, continually improve cotton production conditions and material provisions and strive to realize the goal of producing 300 million jin of cotton.

### **Government To Emphasize Support for Agriculture**

92CE0149B Beijing NONGMIN RIBAO in Chinese  
11 Oct 91 p 1

[Article by correspondent Zhao Zekun (6392 3419 3824) and reporter Zhang Yansong (1728 1484 2646): "Ministry of Finance Agricultural Finance Department Director Wu Kunlong (0702 0981 7893) Discusses Emphasis of Government Support for Agriculture During Next Two Years"]

[Text] A few days ago the correspondent learned from the Ministry of Finance-convened National Agricultural Finance Work Conference that state financial support for agriculture will emphasize investment of funds for three purposes: First is unremitting support for the building of water conservancy; second is active support to the building of a socialized service system in rural villages; and third is encouragement to the building of sources of revenue in major grain producing counties.

Ministry of Finance Agricultural Finance Department director Wu Kunlong said that the serious flood and waterlogging disasters in some areas in the southern part of the country during 1991 tell us that we can never disregard the building of water conservancy. "A stitch in time saves nine." Financial departments in governments at all levels must devote themselves actively to the

building of water conservancy during the coming winter and the spring of 1992. They must stress assistance to disaster areas in overcoming difficulties to rebuild their homes. The Ministry of Finance will work together with water conservancy department in guiding and organizing the peasants to provide labor for the building of water conservancy facilities and the restoration of flood-damaged projects. Financial departments outside disaster areas must not lower their guard in the slightest. They too must emphasize the building of farmland water conservancy facilities. At the same time, they must also improve the management of water conservancy funds, particularly funds used for fighting drought and flood prevention, making sure that dedicated funds are used for the purposes intended. He said that the emphasis in future stabilization and perfection of the rural family contract responsibility system would be on the building of a rural socialized services system. Financial units at all levels of government will certainly have to adopt an attitude of positive support, providing major support in the form of funds. During the next two years, attention must be given to the running of pilot projects, founding and putting on a sound footing a self-development mechanism for agricultural sector entrepreneurial units, and linking support for science and technology in making agriculture flourish to support for a rural socialized services system. Wu Kunlong also said that one of the sticking points in China's economic life is that large grain producing counties make a large contribution but lack sources of revenue. Financial departments must use financial support to help these counties get started in developing agricultural by-products and industries, thereby nurturing sources of wealth that increase income. Township and town enterprises are the focus for building rural sources of revenue. More assistance must be given them in the form of financial management, business management, and financial support.

Finally, Director Wu Kunlong said that while devoting major efforts to investment and redirection of the orientation of investment, during the next two years financial departments at all levels must vigorously emphasize management of government financed projects for the support of agriculture, better evaluate returns, and institute policies that provide encouragements and rewards. In 1991, the Ministry of Finance will pursue a policy guaranteed to run for three years in which 95 percent of the budgeted expenditure of funds dedicated to the development of grain production will be issued in advance each year, 5 percent held back for any adjustments need, these funds to be used to award those counties that increase their grain output greatly, make a large contribution to the country, and manage their funds well.

### **Agronomists Develop New High-Quality Cotton Strain**

OW0612112591 Beijing XINHUA in English  
0907 GMT 6 Dec 91

[Text] Beijing, December 6 (XINHUA)—The Beijing Agriculture University has succeeded in developing a new semi-long-fibre and a long-fibre cotton after 17 years of research.



The new species are much needed by China's textile industry, which was supplied only with long-fibre cotton from Xinjiang.

The experimental field of the species in Handan area of Hebei Province has recorded a high yield of 193 kg per hectare.

China has established a production base in Quzhou County in Hebei Province to grow the cotton in large tracts of fields.

### Heavy Farm Machinery Sales on Rise

*HK0112055591 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 1 Dec 91 p 4*

[By staff reporter: "Farm Machine Sales Climb Out of Slump"]

[Text] Farm machinery sales are climbing out of a slump as the central government pumps more cash into grain production.

Statistics showed the output of most heavy farm machinery increased by some 155 percent over their original target during the first three quarters this year, to satisfy demand.

The production of farm lorries reached 54,000 during the same time, representing a 174 percent margin over target.

Total output value of the farm machinery industry in the period was 220 million yuan (\$41.51 million), accounting for 96 percent of its target for the whole year.

The industry also expects to sell between \$150 million and \$160 million worth of farm machines on the world market this year. Last year, its export earnings were \$152 million.

Sales were 30 percent more in the first half of this year than in the same period last year, and officials predict the unexpected surge will maintain its momentum until next year.

Liu Huanwen, vice-president of the China National Agricultural Mechanization Service Corporation, said this year's growth was much higher than the anticipated 10 percent.

He forecast that sales of farm machinery might total 21 billion yuan, the highest ever recorded.

Farm machinery production and sales declined in the last two years because the country's austerity program brought down demand.

March and April are usually a slow sales period, but this year saw a reversal of that trend.

Increased demand led to a 25 percent rise in production and a reduction of stockpiles.

Bank loans to agriculture increased by 16.1 billion yuan (\$3.1 billion) in the first quarter of this year as compared with last year.

Farmers' purchasing power was also boosted by higher incomes from last year's good harvest.

Machines such as tractors were also important aids in the fight against this summer's floods. Residents in Fengyang County, Anhui Province, retreated to safety within two hours with the help of tractors.

Now more machinery is needed to resume agricultural production in flooded areas.

### Fruit Output in 1991 To Exceed 20 Million Tons

*OW3011062791 Beijing XINHUA in English 0600 GMT 30 Nov 91*

[Text] Beijing, November 30 (XINHUA)—China's total fruit output this year will top 20 million tons, an increase of 10 percent over last year's figure.

Oranges, tangerines, apples and grapes are seen on all markets in Beijing.

Although the purchase price for apple was 20 percent to 30 percent higher than last year, demand for such fruit is on the rise.

A number of provinces and the Guangxi Zhuang Autonomous Region have conducted fruit festivities to boost commodity sales.

### Agricultural Bank Helps Disaster Areas

*OW0112084091 Beijing XINHUA in English 0818 GMT 1 Dec 91*

[Text] Beijing, December 1 (XINHUA)—The Agricultural Bank of China has issued a sum of six billion yuan in loans to disaster areas to help them to resume production, PEOPLE'S DAILY reported today.

The Beijing-based national paper said Anhui, Jiangsu and other provinces on the middle and lower reaches in the Yangtze River Valley were hit by severe floods early this year.

The bank and its branches organized people to make an investigation soon after the floods and timely allocated funds to support farm capital construction, rural industrial production and distribution of farm and sideline products.

### Successful Year Expected for Animal Husbandry

*OW0912094491 Beijing XINHUA in English 0926 GMT 9 Dec 91*

[Text] Beijing, December 9 (XINHUA)—China's animal husbandry sector is expecting a record output this year, the first year of the state Eighth Five-Year Plan (1991-1995).



Animal husbandry has recorded improvements in output for 13 consecutive years, since China's implementation of the reform and open policies.

In the first three quarters of this year, the production of pork, beef and mutton, eggs and milk and wool rose by 9 percent, 4.5 percent, 7.7 percent and 4.4 percent, respectively, over the corresponding period of last year. The output of eggs reached 7.95 million tons, fulfilling the annual quota of 7.7 million tons a month early.

At present, the total output value of animal husbandry accounts for about one-fourth of the country's total agricultural output.

According to the agricultural department concerned, the success is due to the adjustment of the product mix and application of up-to-date techniques.

### **Rubber Production Rated as Fourth-Largest in World**

*OW0912131391 Beijing XINHUA in English  
1221 GMT 9 Dec 91*

[Text] Beijing, December 9 (XINHUA)—China has become the fourth biggest producer of rubber in the world, as its rubber-growing areas cover 580,000 ha [hectare] with a total output of 230,000 tons a year.

Experts attribute the growth of rubber output to efforts made by the South China Research Institute of Tropical Crops and the South China Institute of Tropical Crops.

Usually rubber only grows south of latitude 15 N [North]. However, the researchers from the two institutes achieved success in growing rubber between latitude 18 N and 24 N.

In recent years, the two institutes have managed to increase rubber output from 750 kg [kilogram] per ha to 3,600 kg per ha, which is the advanced international level.

Statistics show that the two institutes have made more than 120 research achievements in this field.

The Ministry of Agriculture began to apply their findings in the rubber-growing regions throughout the country in 1987.

Over the past five years the country's rubber output has increased by 30 percent annually.

### **Applying Science, Technology Boosts Agriculture**

*OW0112123691 Beijing XINHUA in English  
1152 GMT 1 Dec 91*

[Text] Beijing, December 1 (XINHUA)—Five Chinese provinces have made marked progress in promoting agriculture with the application of science and technology.

Since 1990 Guizhou Province in southwest China has popularized 45 technological achievements, including new crop varieties and fertilizers on 1.73 million ha [hectares] of farmland, half of the total in the province, according to PEOPLE'S DAILY.

More than 8,200 technicians have gone to villages to help improve agricultural management.

The province has invested 76 million yuan (about 14.34 million U.S. dollars) in four experimental projects, respectively cultivating rice, rape, wheat and corn.

Jiangxi Province in east China has spread 12 achievements of agricultural science to farming and paid special attention to comprehensive and experimental projects.

Seventy percent of the province's counties and 40 percent to 50 percent of its townships have set up organizations to boost agriculture. In addition, the province has trained over one million agronomists in recent years.

Meanwhile, central China's Hunan Province has succeeded in enhancing popular education in agricultural science.

In a document issued in July 1990 the provincial government decided to set up a network for training in and promotion of agricultural technology, to start a school for technicians in every county, and to develop some regional pillar industries based on science and technology for commodity production.

At the same time, with money allocated by the provincial government and the state's agricultural development fund, Hunan has established more than 100 township educational centers for agricultural science.

Similarly, east China's Anhui and Zhejiang Provinces have managed to raise the yields of rice, rape, cotton and tea by the introduction of new technologies related to fertilization, cultivating fine crop varieties, and controlling plant diseases and insect pests.

### **Bumper Grain Harvest in Heilongjiang Despite Floods**

*92CE0149A Beijing NONGMIN RIBAO in Chinese  
8 Oct 91 p 1*

[Article by correspondent Li Fulai (2621 4395 0171) and reporter Leng Leiqiao (0327 7191 2890): "Heilongjiang Grain Output To Exceed 20 Billion Kilograms in Extraordinarily Serious Disaster Year"]

[Text] Prospects are that Heilongjiang Province's total grain output for 1991 will exceed 20 billion kilograms despite flood and waterlogging disasters of rare severity, making it the second largest bumper harvest year in the history of the province.

Since the beginning of summer, Heilongjiang Province's 59 counties and municipalities, and its 76 state farms experienced flood and waterlogging disasters of varying

intensity. In 13 million mu of the 51 million mu disaster area, the harvest aborted completely affecting 4.63 million people in 985,000 peasant households. Direct economic losses amounted to 4.92 billion yuan. Despite this situation, thanks to the correct policies of the provincial CPC committee and the provincial government, a decisive victory was won in fighting the flood and providing disaster relief. As a result, a bumper grain harvest may be possible in a major disaster year.

Put concretely, the winning of a bumper harvest in 1991 is attributable to the following advantageous conditions: First, during last winter and the spring of 1991, the provincial CPC committee and the provincial government formulated a strategic thought for "stabilizing grain output, encouraging livestock production, and major emphasis on township enterprises," actively and steadily moving ahead with grain, livestock, and enterprise production; trade, industry and agriculture; and the integration of city and countryside. More than at any time in the past, governments at all levels increasingly emphasized agriculture and support for agriculture. Second was an appropriate readjustment of the farming structure, expanding the area sown to grain and to high yield cash crops. A total of 112.03 million mu throughout the province was planted to grain, pulses, and tubers. This was 760,000 mu more than in 1990. Third was an increased financial and material investment in agricultural production. In 1991, 4.5 billion yuan was invested in agriculture provincewide, up 11 percent from 1990 for an all-time high. Fourth was further expansion in the area to which science and technology was applied for the advancement of agriculture. In 1991, "bumper harvest plans" were put into effect on a 40 million mu area, 8.7 million mu more than in 1990. This included provincial level scientific and technical group contracting of 10.37 million mu in an expansion from the 17 counties and cities of 1990 to 25 counties and cities in 1991. Various technologies were applied to a cumulative 250 million mu, up 25 percent from 1990. Superior varieties were grown on more than 93 percent of the growing area. During last winter and this spring, 4 million peasants received training. Fifth was greater capital construction of agriculture. Competitions such as the "Heilong Cup," the "Iron Ox Cup" and "Meeting Standards For Maintaining Farmland Fertility" improved ability to withstand natural disasters. In addition, the whole province has experienced continuously war weather with little rain since August. This played a role in promoting crop growth and development that should not be underestimated, enabling gross output to stabilize above 20 billion kilograms.

Although Heilongjiang Province's output of major farm products reached 20 billion kilograms in 1991, the situation in rural villages provides no cause for blind optimism. Because of the aborted harvest on 10 percent of the land, the peasants lost approximately 2 billion yuan in income. This translates into 100 yuan less income per capita. As a result of storage, market, and system problems, difficulties selling agricultural by-products such as grain and hogs will intensify further. In

addition, the peasants urgent need for funds to restore their livelihood in the wake of the disaster will mean difficulty in ensuring funds for investment in agricultural production in 1992.

In view of the foregoing problems, the province is now working hard on the three autumn tasks [harvesting, plowing, and sowing], and on preparing for production in 1992. It is also actively organizing the masses in disaster areas to rescue themselves by carrying on production in a planned way. Major efforts are to be made during the coming winter and the following spring to increase income by 100 yuan per capita so that there will be no decline in earnings despite the decline in output.

### **Xinjiang Region Exports Livestock to USSR**

OW0712041091 Beijing XINHUA in English  
0317 GMT 7 Dec 91

[Text] Urumqi, December 7 (XINHUA)—The Xinjiang Uygur Autonomous Region had exported over 130,000 heads of livestock to the Soviet Union by the end of November.

According to local officials, Xinjiang is expected to export over 360,000 heads of livestock to the Soviet Union during 1992.

### **Ningxia Has Good Harvest Despite Natural Disasters**

92P30047A Yinchuan NINGXIA RIBAO in Chinese  
30 Oct 91 p 1

[Summary] Despite natural disasters, Ningxia's total grain production this year reached 1.998 billion kg, an increase of 4.2 percent over last year. The region's area of grain cultivation exceeded 10.6 million mu, 120,000 more than last year.

At the beginning of May, the river valleys suffered an unusual freeze, which affected 49.7 percent of the grain crop. The Yinbei region suffered force-8 to force-10 winds, and over 4,000 mu of wheat were destroyed by wind-borne sand. In mid-June, wheat in the mountain and river regions was afflicted with various blights, and the mountain regions endured over 100 days of drought; 85 percent of the autumn grain suffered varying degrees of damage.

The government of Ningxia proffered \$4 million to enable the peasants to import high-efficiency phosphate fertilizer. Various locales supplied 490,000 tons of chemical fertilizer (an 18.9 percent increase over last year) and over 1,600 tons of plastic film (an increase of 52.5 percent). Public finances used for agriculture increased at both the region and county levels. Individual investments in agriculture reached an average of 74.4 yuan, an increase of 15.6 percent over last year.

### Sociological Impacts of Changing Perception of Sex

92CM0046A Shanghai SHEHUI [SOCIETY]  
in Chinese No 80, 20 Sep 91 pp 42-45

[Article by Zhen Chen: "The Impacts of Perception of Sex on Contemporary Chinese Marriage and Family"]

[Excerpts] [passage omitted] According to a nationwide survey on "sexual culture" of 941 people conducted by the Family Study Center in the June-July 1990 issue of the journal *JIATING*, the changes in perception of sex in China are mainly demonstrated in the following several aspects:

1. Change in the perception of fidelity. First, the double standard for men and women on the question of sex has been subjected to forceful blows. When asked whether they agreed with the statement that "fidelity mainly concerns women," 76.5 percent said "no"; 18.7 percent and 4.8 percent said respectively "yes" or that they are "not sure." Second, the role of fidelity in marital relations is on the decline; 34.8 percent believe that "fidelity is not that important in marital relations," 53 percent disagree, and 12.2 percent said that they are "not sure." Although over one-third of the people fail to see the importance of fidelity, a majority (71 percent) fully supports the view that "advocating fidelity is good for stable marriages and families." Only 18.4 percent have a different view, and 10.6 percent are "not sure." This situation in fact reflects a conflict in people's mind in terms of the perception of fidelity. On the one hand, the idea of fidelity is being weakened, and there is no longer so much emphasis on fidelity. On the other hand, fidelity is still considered an important factor in safeguarding the stability of marriage and family.

2. Change in the perception of pre-marital sex. A large number of people view pre-marital sex in a positive light. In answering the question on whether you agree with the view that it is inevitable for young men and women in heated courtship to have sex, 36.7 percent said yes; 50.3 percent and 13 percent said respectively "no" or that they are "not sure." In addition, 22.4 percent believe that "as long as the two love each other, it does not matter if they have pre-marital sex"; 66.6 percent said that they "disagree," and 11 percent said that they are "not sure." Obviously, the high proportion of people who approve of pre-marital sex is related to the weakening of the idea of chastity. It also indicates that rational or traditional norms are losing ground in terms of affecting people's handling of pre-marital relations between men and women, and that the tendency is "to follow one's feelings," succumbing to momentary emotional impulses or physiological needs.

In addition, according to a survey in the latter half of 1989 of 525 people in the seven cities of Guangzhou, Shenzhen, Shantou, Zhuhai, Shaoguan, Fushan, and Zhaoqing in Guangdong Province and Xiamen City in Fujian Province, part of a nationwide "sexual culture" survey with the participation of the journal *JIATING*

Family Study Center, the changes in perception of sex in China are also demonstrated in:

3. Change in the perception of extra-marital sex. When asked "what do you think a spouse should do if the other spouse seduces, or even commits adultery," 61.3 percent suggested "patient persuasion"; 1.7 percent believe that "a family scandal should not be known outside, and it is better not to make the issue public"; 28.9 percent advocated "divorce without wavering"; 0.6 percent, 6.2 percent and 1.3 percent suggested respectively "making a row" or "reporting to the authorities" or "retaliating." This indicates that most people have a rather tolerant view towards extra-marital sex. Surely, this does not mean that people advocate this practice, or support the practice of "lovers" prevalent in Western societies. According to the above-mentioned nationwide survey on "sexual culture," 84.6 percent believe that "extra-marital sexual relations will destroy stability in existing marriages," and only 8.5 percent and 7 percent said respectively "disagree" or "not sure." This indicates that in terms of marital relations the mutual fidelity of husband and wife remains the dominant value in our times. But it is also necessary to realize that on this issue there exist differences between the younger and the older generations. Relatively speaking, the younger generations are more inclined to separate extra-marital sex from stability in existing marriages.

4. Change in views on sex itself. People are gradually getting rid of sexual ignorance and sexual myths. Behavior that was viewed as "decadent" or "shameful" is beginning to be understood relatively correctly. For instance, according to traditional views or even according to the relevant popular-science articles published a few years ago, "masturbation" as sexual behavior was considered to be shameful, dirty, and harmful to physical and mental health. Now 35.2 percent consider it "natural"; 23.6 percent believe that "it is all right to masturbate"; 17.7 percent consider it "a last resort"; only 10.5 percent consider it "bad behavior." Also, for instance, according to traditional views, married couples should stop sexual activities after the age of 50-60, or otherwise be regarded as "indecent old people" or "dissolute old people." But now 51.9 percent believe that one should "have sex when the desire arises and if capable"; 46.7 percent suggested that "it is all right to have sex, but better to have less of it"; only 1.4 percent suggested that "there should be no more sex."

5. Change in views on married couples' sex life. According to traditional views, there are but two purposes for a married couples' sex life. The first is to procreate, and have offspring; the second is to satisfy physiological needs. In a male-dominated society, the two purposes mainly serve the needs of men, and were branded clear signs of male authority. Now there are changes. According to the survey, 85.6 percent believe that married couples' sex life is to satisfy "the emotional and physiological needs of the two parties"; 8.4 percent believe that it "is based on the physiological needs of the two parties"; 0.8 percent, 2.3 percent and 1.0 percent

suggested that it is respectively "the duty of the wife," "the duty of the two parties," or "necessary for procreating"; 1.9 percent suggested that "it has always been done by married couples." It is not difficult to see that most people consider satisfying emotional and physiological needs to be the main reason for married couples' sex life. In addition, 78.7 percent believe that "the wife may take the initiative in making sexual demands on the husband"; 3.1 percent said that she "may not"; 18.2 percent said that they "would like to do so but felt ashamed." This indicates that the idea of equality regarding married couples' sex life has been accepted by the majority.

6. Change in views on reproduction. The purpose of reproduction has changed from "to have children for old-age support" and "to have offspring" into "to fulfill social responsibilities" and "to add to the pleasure of life." When asked "what do you believe to be the main purpose of having children," 41.8 percent said "social responsibility"; 32.6 percent said "to add to the pleasure of life"; 9.2 percent and 6.7 percent suggested respectively "to have children for old-age support" and "to have offspring." In addition, 0.6 percent, 0.2 percent and 7.5 percent suggested respectively "to add labor," "to enjoy the happiness of having many children," and "have never considered the question"; 1.3 percent gave other answers. The change in views on reproduction is in fact a reflection of the change in perception of sex. According to traditional culture, reproduction and sex are inseparably linked, and women are but "reproduction machines" used to have offspring. Now, because of the change in perception, reproduction is separated from sex, and it is possible to fully enjoy the pleasure of sex and to improve the quality of sex life. Besides, contemporary scientific contraceptive techniques have turned such possibility into reality.

7. Change in views on sex education. According to the survey, with the spread of scientific knowledge about sex in recent years, people have acquired rather correct understanding on sex education for their children. According to the survey, 75.9 percent suggested that "if children ask 'where did I come from,'" it is necessary to tell the truth in an appropriate way, so as to equip the children, early in life, with scientific knowledge on the issue of sex, and to prevent errors in understanding, thereby promoting the healthy development of children. At the same time, on this issue, a large number of people have adopted methods which do not seem to be appropriate; 17 percent suggested "leading the discussion away from the topic." Some people suggested "telling a lie" (5.8 percent) or "ignoring the question" (1.3 percent). [passage omitted]

In short, the impact of perception of sex on marriage and family have the following several aspects.

1. In a positive sense, the change in perception of sex is good for improving the quality of marriage. [passage omitted]

According to a sample survey of the divorce cases at a district court in Shanghai, in 1955 3.5 percent of the cases had one or both parties of the couples complaining about disharmony in sex life, and in 1985 this figure rose to 20.9 percent (excluding a few who had registered but had not cohabited). [passage omitted]

2. The changes in perception of sex represent great challenges to China's existing marriage law, as well as the traditional system of marriage and family. The first result is the change in views on cohabitation and trial marriage. [passage omitted]

According to the above-mentioned nationwide survey of 941 people, 14.4 percent agree with the view that "pre-marital cohabitation is good for furthering the mutual understanding between the man and the woman"; 12 percent are "not sure"; 73.6 percent "disagree"; 14.7 percent support the view that "trial marriage is good for establishing a happy marriage"; 16.4 percent are "not sure"; and 63.9 percent expressed opposition. This shows that although a majority of the people do not approve of cohabitation and trial marriage, a substantial proportion of people are of a positive view. In terms of actual conditions, in recent years, there has been a rise in the rate of cohabitation and trial marriage, which are becoming a fad, especially among the young people of big cities. According to incomplete statistics prepared by the Guangzhou Municipal Women's League on the eight districts and four counties within the league's sphere of work, from 1988 to the first half of 1990, city-wide 2,962 couples of legal marriage age were "married privately" by not going through marriage registrations, accounting for 1.8 percent of the people who got married during that period of time. Some of those who "got married privately" held traditional weddings, and some were obviously in the category of trial marriage. [passage omitted]

According to statistics of the Hospital for Women and Children's Health of Liwan District, Guangzhou, in 1988-89, of the 3,635 young women who underwent pre-marital check-up in the hospital, 1,929 had had sex; 960 had a history of abortion; 308 were pregnant at the time of the check-up. Those persons represent respectively 53.06 percent, 26.4 percent and 8.47 percent of the number of the persons who underwent the check-up, and represent, in combination, 87.95 percent of the number of the persons who underwent the check-up.

4. The change in perception of sex has on the one hand broken people's sexual inhibitions and the mysterious of sex in people's mind, thereby contributing to sexual health and knowledge, but has also provided certain pretexts and opportunities for those who are morally corrupt, pursue a decadent lifestyle, or advocate sexual freedom and sexual liberation. In view of the fact that the majority of those having venereal diseases are married, it can be concluded that in recent years extra-marital sex is affecting the stability of existing marriages and families. According to a survey, in 1987 in 16 key cities of those monitored for venereal disease around the country, 44.4 percent were married, and 34.06 percent

were never married. In 1988, of those having venereal diseases in the cities of Wuhan, Chongqing, Beijing and Hefei, on average, 50.9 percent were married and 39.7 percent were never married. Even more importantly, the spread of venereal diseases is endangering the health of our next generation. According to the Guangzhou Municipality's work conference on venereal-disease prevention and treatment held in April 1991, up to now nearly 100 children under the age of 13, including new-born babies, have acquired venereal diseases. In addition, the raising of the questions of extra-marital love affairs and of the so-called "third party" has also, from one angle, reflected the increase in extra-marital sex.

5. The change in perception of sex is good for changing the views about old people getting remarried after the death of a spouse. [passage omitted]

In recent years, after the death of a spouse, many old people are bold enough to enter the marriage "market" in an effort to organize a new family. This is a positive result of the change in perception of sex.

6. The change in perception of sex is good for family planning. Generally, those who give more emphasis to having children will have more children, and those who give more emphasis to sexual pleasure will have fewer children, because frequent reproduction hampers the enjoyment of or dilutes sexual pleasure, and makes it difficult to have sexual gratification. [passage omitted]

7. The change in perception of sex has also brought sex education onto the agenda of family education. According to our investigation, only 2 percent of sexual knowledge comes from parents; 36.3 percent comes from books and magazines; 23 percent comes mainly from learning slowly from experience; the remaining 36.8 percent depend mainly on friends, movies, television broadcast or popular wisdom. [passage omitted]

### Gulf War Reconnaissance Lessons

92CM0075A Beijing XIANDAI BINGQI [MODERN WEAPONRY] in Chinese No 9, 1 Sep 91 pp 30-34, 16

[Article by Li Tiran (2621 7555 3544): "Reconnaissance and Counterreconnaissance in the Gulf War"]

[Text] Summary: This article recounts the reconnaissance equipment that both combatants used in the Gulf War, intelligence reconnaissance results, counter-reconnaissance techniques, and problems revealed.

"When one knows the enemy and knows oneself, one can fight a hundred battles with no danger of defeat" has been a watchword of military experts over the ages. Despite steady development and changes in techniques for acquiring information during different historical periods, the military importance of intelligence reconnaissance remains undiminished. During the Gulf crisis and the Gulf war, a large number of reconnaissance systems converged on the Gulf to play a role as ears, eyes, and crack troops, demonstrating the important role of intelligence reconnaissance in warfare.

#### I. Reconnaissance Equipment in the Gulf War

During the Gulf War, American forces employed various military reconnaissance satellites and reconnaissance aircraft. The reconnaissance satellites included the following: (1) Digital image transmission photoreconnaissance satellites KH-11 and KH-12. The former is equipped with a CCD scanning camera, infrared, and multiple spectrum detection equipment. The latter is equipped with a digital imaging detector and a signal receiver. (2) Radar imaging reconnaissance satellite "Hockey" [chang qugunqiu-7022 2575 2760 3808] This satellite has an on-board synthetic aperture radar. (3) Electronic reconnaissance satellite, "Big Wine Bottle" [da jiuping [1129 6794 3910] (a third generation electronic reconnaissance satellite). This satellite carries a radio receiver (with a diameter of more than 90 meters). (4) Marine surveillance satellite, "White Cloud," which carries radio receiving equipment and an infrared detector. (5) Early warning satellite. The second generation of this satellite carries an infrared telescope and a television camera; the third generation carries infrared imaging equipment. The American forces also used the French SPOT-2 and the American "Landsat" to augment their reconnaissance satellites. Reconnaissance aircraft include the following: (1) TR-1, which carries a side-looking synthetic aperture radar, various kinds of cameras, and a return beam vidicon. (2) E-8A, which carries a JSTARS synthetic aperture radar system and a fixed objective indicator. (3) RF-4C Phantom II, which carries a side-looking radar, an infrared detector, and a forward-looking camera. (4) Vanguard unmanned remotely-controlled flying device. Aboard is a television camera and a forward-looking infrared system. (5) Early warning aircraft E-2C and E-3A. The former is equipped with an AN/APS-120 radar or an AN/APS-125 radar. The latter is equipped with an AN/APY-1 radar or an AN/APY-2 radar.

In addition, the multinational force was equipped with large amounts of ground reconnaissance systems among which the amount and fine performance of night-vision devices had never before been matched in warfare. Foreign periodicals report that the night-vision devices enabled 24-hour deterrence. Every American military vehicle and tank, and every heavy weapon on down to anti-tank missiles and 50 mm machine guns was equipped with a night-vision aiming device. Every American army squad (from 4 to 10 men) had several night-vision spectacles and rifle-aiming devices. Reportedly, the American 24th mechanized infantry division alone was equipped with nearly 1,000 night-vision devices.

The Iraqi forces lacked aerial reconnaissance capabilities, airborne reconnaissance equipment, and ground reconnaissance equipment. Their night-vision equipment, in particular, which was not the equal of the international forces' to begin with, was rendered inoperative or was destroyed under the powerful attacks of the multinational force. Thus, the Iraqi forces were at a disadvantage all along the line.

Following the outbreak of the Gulf crisis, the USSR also reacted promptly. On 3 August, within 48 hours after Iraq invaded Kuwait, the USSR immediately launched a Cosmos-2089 radio transmission camera reconnaissance satellite, and it used its fifth generation digital camera reconnaissance satellite, Cosmos-2072, which it had launched on 13 April, for the crash monitoring of changes in the Gulf region military situation.

An overall view of the types, performance, and role of intelligence reconnaissance equipment used in the Gulf War shows the following main features:

A. Reconnaissance equipment blanketed the air, the land, and the sea to form a three dimensional, multi-level, omnidirectional reconnaissance system. As was said above, during the Gulf War not only did the United States shift the mission of its already orbiting satellites to the Middle East, launch new satellites, adjust the orbits of certain satellites, and employ to the full both Landsats and French SPOT satellites, but it also employed a multitude of reconnaissance aircraft, early warning aircraft, and ground reconnaissance equipment. This equipment blanketed the skies to form a huge intelligence monitoring network. It played a key role in monitoring changes in the combat situation, in combat decisions and the formulation of combat plans, in designating targets, and in increasing weapons effectiveness. Thanks to the contributions of intelligence reconnaissance, the multinational force gained combat initiative in aerial attacks in the Gulf.

B. Various kinds of reconnaissance equipment were integrated to produce all-wave (visible light, infrared, and microwave) reconnaissance, all weather and around-the-clock reconnaissance, and real time reconnaissance.

During the Gulf War, the multinational force had various kinds of reconnaissance equipment possessing separate features that could be coordinated for integrated combat. This included the KH-12 satellite, which had an on-board digital imaging transducer having a ground discrimination rate of 0.1 meter; the KH-11 satellite having an on-board digital transmission type CCD camera that worked in the visible light and near infrared bands, that had a ground discrimination rate of from 1.5-3 meters, and whose data was transmitted to an earth station in real time; satellite-carried synthetic aperture imaging radar with a ground discrimination rate of approximately one meter that transmitted data in real time and that operated round the clock, day and night; satellite-carried (or aircraft-carried) infrared detection equipment that operated day and night, that was able to transmit data in real time, and that could reveal camouflage to a certain extent; aircraft-carried synthetic aperture radar capable of operating in all weather day and night, that could conduct reconnaissance via remote control, and whose data was transmitted in real time.

C. Strategic reconnaissance was largely via satellites; tactical reconnaissance was mostly via airborne equipment and ground equipment that combined reconnaissance and attack.

## II. Results of Intelligence Reconnaissance in the Gulf War

The various kinds of intelligence reconnaissance equipment assembled in the Gulf played the following roles:

A. Providing Data for Strategic Decisions. Several days before Iraq's attack on Kuwait, the United States Central Intelligence Agency sent reconnaissance satellite photographs to the White House, noting clearly and unambiguously the numbers and location of Iraqi forces and combat vehicles on the border of Kuwait. Not long afterward, on the basis of proof of the Iraqi army's invasion of Kuwait obtained from a KH-11 photoreconnaissance satellite, President Bush announced that Iraq's so-called withdrawal of forces from Kuwait was not a fact. On the basis of intelligence about the massing of Iraqi forces and the loading of chemical weapons aboard aircraft, Bush decided to send forces to Saudi Arabia. On the basis of information that satellite photographs provided, Saudi Arabia agreed with the dispatch of American forces to Saudi Arabia.

During a visit to Baghdad in early February, special Soviet presidential envoy Yevgeni Primakov provided Saddam Hussein with intelligence obtained from Soviet satellites and told him that the military situation was extremely unfavorable for Iraq. His purpose was to urge Iraq to withdraw its forces from Kuwait at once. Subsequent changes in the military situation showed that this Soviet policy decision regarding Iraq had a major influence. After an American bomber attack on a Baghdad bunker killed several hundred people, Iraq declared that the American bombers had killed several hundred civilians who had taken refuge in a nonmilitary bunker. The

United States authorities announced that the bunker in the Baghdad suburbs that had been bombed was an extremely fortified military installation, and that this bunker had been painted and camouflaged. It was a command and control center. The United States also turned over to the United Nations secretary general, as proof, photographs taken by an intelligence agency. Reportedly, these photographs showed two MiG-21 aircraft parked near an ancient pyramid at Luoerku [5012 1422 1655].

B. Ensuring Fullest Weapon Combat Effectiveness. In selecting targets for aerial attack, the American forces both examined pertinent intelligence data that intelligence units had collected over the years (including satellite photographs), and also carried out new reconnaissance during the first several months of the Gulf War of more than 1,000 previously reconnoitered targets in Iraq. They finally selected 100 targets of strategic significance, adding another 300 later on. To make fullest use of the combat effectiveness of American high technology weapons, the United States Defense Mapping Agency processed and analyzed day after day large quantities of reconnaissance satellite photographs of Iraq, did target read-outs, located correct coordinates for targets, and provided real time notification to national command authorities and American forces stationed in the Gulf region. Using the geographic coordinates provided for important Iraqi army military targets, the United States Air Force and Navy promptly drew up attack plans. The United States Navy fed these data in advance into advanced weapons systems, such as cruise missiles, for an updating of its topographical data banks. Thanks to the full advance preparations, within two weeks after the beginning of air attacks, the multinational force launched 800 sorties against 29 Iraqi air defense command centers, knocking them out of action. It launched 1,300 sorties against 38 of 44 airfields, rendering at least nine useless. It launched 780 sorties against 33 of 36 bridges. In addition, the multinational force also destroyed 30 immobile Scud missiles, 10 biological weapons plants, 18 chemical weapons plants, three nuclear facilities, and more than 100 hardened aircraft revetments. During the Gulf War, American intelligence agencies also compared and analyzed reconnaissance satellite photographs and structural drawings of Saddam Hussein's command bunker—obtained by intelligence officers; they then determined the outward configuration of the bunker and the parts to be attacked, finally providing combat personnel data on the required destructive force as per their calculations.

C. Early Warning of Incoming Missiles. In addition to fine weapons capabilities, the ability of the multinational force to carry out accurate air attacks against Iraqi army military command headquarters, communications centers, airfields, and ammunition dumps must be attributed to reconnaissance satellites and reconnaissance aircraft, which were able to provide them target information on Iraqi forces at will. During the Gulf War, American Patriot missiles performed brilliantly on many

occasions against Iraqi army Scud missiles. Foreign wire services reported an unexpectedly high Patriot missile hit rate on Scud missiles in a week of combat. The great success of the Patriots was attributable to the very great role of early warning satellites. During the Gulf War, early warning satellites operated over the Indian Ocean. As soon as a missile was launched, an early warning satellite would send the pertinent information to an Air Force ground station in Australia and to the Space Command Missile Early Warning Center in the United States. After the center sorted out the information and identified the area to be attacked, it sent the information to the Gulf at once. One report said that it takes five minutes for a Scud missile from inside Iraqi to reach Tel Aviv, but the new type early warning satellite can provide an early warning to the American command in the Gulf region within one minute of discovery of a Scud missile, allowing the Patriot missiles ample preparation time for attack. Reportedly, this satellite can pinpoint the launch point to an accuracy of within one kilometer.

D. Monitoring Battlefield Changes. When the Gulf War was at its most intense, the aerial monitoring missions of the E-8A JSTARS aircraft, RC-135 electronic reconnaissance aircraft, TR-1A tactical reconnaissance aircraft, RU-21D eavesdropping aircraft, and Vulcan remote-controlled flying devices were integrated into a closely-knit aerial combat intelligence network. JSTARS, which was carried aboard E-8A aircraft, could conduct reconnaissance from an altitude of more than 10,000 meters to a distance of 320 kilometers and over a 77,000 square kilometer area. It could detect the locations and movements of Iraqi tanks, vehicles, and artillery. In Operation Faun, the French "Orchid" system (helicopter-mounted) played a role. The British light target monitoring and lock-on radar also carried out tactical reconnaissance missions. The American army's position fixing radar was also able to track enemy artillery shells, thereby permitting attacks to be launched against enemy artillery positions immediately after determining the enemy's gun positions.

Evaluations of bombing results serve as data for command organizations' formulation of combat plans. Although gun cameras are the fastest means of providing bombing results, they can provide only between 15 and 20 percent of analytical data. During the Gulf War, the United States forces used camera, electro-optics, infrared, and radar-equipped satellites and aircraft as well as drone aircraft to carry out this mission.

E. Turning Night Into Day. During the Gulf War, more night-vision equipment was used than in any war in history, and it also performed best. In addition to the ground forces and the marines in the multinational force being widely equipped with night-vision devices, the American F-117 stealth fighter bombers, Apache helicopters, F-15E fighter aircraft and M1A1 tanks, and the British Tornado GR1 ground attack fighters were equipped with advanced heat-imaging night-vision devices. These devices not only provided an aircraft and a tank with a night combat capability, but also more

important was their coordinated deployment in the air and on land and on the sea, which guaranteed that ground, sea, and air combat could be carried on at night. Iraqi MiG-29 fighters and SU-24 bombers also had advanced night-vision equipment. Nevertheless, on the whole the Iraqi forces' night-vision equipment was much inferior to that of the multinational force. During the Gulf War, night-vision equipment played a major role, changing traditional concepts of nighttime warfare. Formerly when night-vision devices were not very good and it was not possible to equip forces with them on a large scale, not only was it difficult for military forces to operate at night, but superior weapons could not play their full role. Thus, the curtain of night reduced the gap between the forces with superior equipment and those with inferior equipment, or night attacks became a traditional tactic that those having inferior equipment used to defeat those having superior equipment. However, with the large-scale equipping of forces with night-vision devices, night warfare has become the best choice of the forces with superior equipment.

### III. Anti-Reconnaissance Techniques During the Gulf War

During the Gulf War, both the Iraqi and the multinational forces employed anti-intelligence reconnaissance to a certain effect. Faced with the modern intelligence reconnaissance techniques of the multinational force, the Iraqi army in particular resorted to camouflaging of targets, camouflaging of materiel, tactical maneuvering, and underground concealment. This deceived the American forces or caused problems in tracking Scud mobile missile launchers.

A. A Multitude of Camouflage Techniques. During the previous several years Iraq spent several hundred thousand dollars on satellite multispectrum scanning pictures from the American EOSAT Corporation, which it used for the purpose of constantly checking and improving its camouflage equipment. During the Gulf War, for the most part the Iraqi forces used the following camouflaging methods: (1) Fake inflated rubber tanks, and false missile launchers and replicas of ammunition dumps of plastic and plywood construction. The fake tanks were an improvement over the fake targets used in World War II in that they could emit heat. They made the false appear real, thereby deceiving the adversary's infrared detection systems. Reportedly both France and Germany had plants that produced these fake weapons. (2) Iraq's airfield runways were a main target for aerial attack from the multinational forces. The Iraqis possessed an astounding capability to repair airfield runways, frequently being able to restore them within one or two days after a bombing. To deceive the American army's reconnaissance satellites, false craters were painted on runways after they had been restored so that enemy photointerpreters would mistakenly suppose that the airfield runways that the Iraqi forces were repairing were still in a damaged state. (3) Camouflage nets. The Iraqi forces hid their tanks in sand bunkers. Metal fragments were spread atop the bunkers as a camouflage



net to jam the radars' return wave. Reportedly, the Iraq forces' false Scud missile launchers deceived the multinational force many times.

The American forces believed that mobile warfare to pin down the enemy first required quick mobility, and second the laying of mines, lures, and hoaxes. The American forces' camouflage methods included the following: Smoke screens. To cover their ground movements over sandy terrain, the American forces were equipped with smoke generators and special purpose mortar and artillery shells. The American army also used a vehicle-dragged chain, which threw up dust when vehicles moved to simulate the movement of large forces, thus fooling the enemy. The dust it stirred up could be seen for 30 kilometers. (2) False radio communications to fool the Iraqi army's intercept network. (3) Color camouflage clothing. The traditional American army clothing has a forest camouflage pattern not suited to desert environment and weather. The American army improved it, using a new color camouflage pattern and material. In addition, armored personnel carriers, military vehicles, trailers, and other military equipment sent to the Gulf were painted with a new camouflage pattern. (4) Stealth techniques. Many of the American forces used stealth techniques. As is generally known, the American F-117A fighter bomber is the most advanced stealth aircraft.

**B. Marked Advances in Weapons Mobility.** Iraq's Scud missiles were the main targets of attack for the multinational forces. However, one American Department of Defense official said that during the first week of air attacks, even though the multinational force might waste a whole day tracking a Scud missile launcher, a substantial number of Scud launchers moved and constantly attacked Israel and Saudi Arabia. The American military said that Scud missiles are not very accurate. Their political nuisance value is much greater than their military value. One American technique for finding Scud missiles was to use E-8A JSTARS aircraft to monitor their launch. This was followed by ground radar tracking and finally by directing fighter planes to attack them. During the period when Scud missiles were on the move, another technique used because of the limitations of photoreconnaissance satellites and reconnaissance aircraft was to use various methods in combination, including TR-1, RF-4C, and RC-135 reconnaissance aircraft, Hockey radar imaging satellites, KH-11 reconnaissance satellites, DSP early warning satellites, and Big Wine Bottle radar satellites to find Scuds. Reportedly, photoreconnaissance satellites could find clues related to Scud mobile missile launchers, and early warning satellites could detect missile tail flare to determine a Scud missile launch. Even so, their discovery was always a difficult problem because of the effect of cloud cover and the limitations of nighttime conditions, as well as the Iraqi forces' use of fake missile launchers, and particularly because the Scud launchers could be moved at will or even appear and disappear according to the Soviet-provided timetable for the absence of American reconnaissance satellites overhead.

**C. Good Underground Concealment Results.** During the previous 10 years, Iraq spent huge sums on western construction technology to build numerous underground bunkers in Baghdad and other places. One of them, the super bunker under Saddam's presidential palace, was 4.5 meters below the ground surface. Underground bunkers constructed beneath various government and military buildings numbered as many as 40 and were connected to each other via passageways. Some bunkers could hold 1,000 people. The underground city of Baghdad was 25 meters deep. Underground bunkers in other places were as follows: (1) Three hundred aircraft bunkers constructed of reinforced steel and concrete with a 1.2 meter thick roof were hidden beneath huge piles of sand. Each such "super base" could hold one or more aircraft. (2) Personnel concealment bunkers connected to each other. (3) Sand bunkers for tank concealment. Although photoreconnaissance satellites could spot changes in ground surface details, infrared could spot ground temperature changes, electronic reconnaissance satellites could spot electromagnetic discharges, and imaging radar satellites could penetrate to a certain depth to find some of these underground bunkers, overall it was fairly difficult to find these targets in a complex battlefield environment. However, since tanks concealed under sand bunkers had to start their engines regularly to charge their batteries for other equipment, a large amount of heat was emitted. In addition their metal gun barrels and turrets absorbed heat during the day and radiated it during the night. Consequently infrared reconnaissance could spot them fairly easily.

#### IV. Some Reconnaissance Problems That the Gulf War Revealed

The Gulf War revealed quite a few problems in the intelligence reconnaissance field. A thorough examination of these problems holds important significance for the improvement of intelligence reconnaissance techniques.

**A. Cloud Cover Problem.** Foreign journals reported that although photoreconnaissance satellites were able to provide a set of pictures hourly, cloud cover greatly decreased the effectiveness of low orbiting photoreconnaissance satellites, forcing American intelligence officers to use only radar-imaging Hockey reconnaissance satellites to assess air attack results. Hockey satellites can conduct reconnaissance day and night and can penetrate cloud cover; however, they can only provide photointerpreters two low resolution pictures daily, which makes precise assessments of bombing damage difficult. Furthermore, cloud cover, which did not allow most reconnaissance satellites to see beneath the clouds, also prevented detection and tracking of Iraq's mobile Scud missile launchers. These problems were solved, first, by using synthetic aperture radar, which is able to penetrate clouds and mist to detect targets, and by increasing monitoring time; and second by trying out information processing methods for the real time elimination of cloud cover from pictures.

B. Intelligence Information Processing. During the Gulf War, reconnaissance satellite data processing could not keep up with actual war requirements. Even though interpreters in the CIA imaging analysis center worked 18-hour and even 24-hour shifts, reconnaissance satellite pictures piled up in the center more rapidly than they could be analyzed. This was an old problem encountered in the development of America's military remote-sensing technology that had been studied for many years. The Gulf War showed that it remained an old and difficult problem troubling the United States, influencing the effectiveness of intelligence work and even fouling up the combat situation.

### Winter Conscription Work in Full Swing

OW1711023691 Beijing XINHUA Domestic Service  
in Chinese 0845 GMT 16 Nov 91

[By reporters Gai Yumin (5556 3768 3787) and Ma Xiaochun (7456 2556 2504)]

[Text] Beijing, 16 November (XINHUA)—This reporter has learned from the Conscription Office under the Ministry of National Defense that since the inception of this year's winter conscription work, tens of thousands of young people old enough to join the army around the country have enthusiastically signed up for the registration of military service.

Since the order for the 1991 winter conscription was issued, all localities throughout the country have conducted defense education on a grand scale for the large number of youths, mainly on Conscription Law and on

patriotism. This ensured a smooth conscription drive. Moving scenes were witnessed in Beijing Municipality, such as some 10,000 pairs of parents signing up their children for conscription, 8,000 or more brothers vying with one other in signing up for conscription, and over 10,000 only daughters and sons enthusiastically responding to the drive. Minxing District in Shanghai Municipality conducted defense education in 51 foreign-funded enterprises; those who were subject to the conscription happily signed up for undergoing selection by the motherland. In Fujian Province, more than 800,000 young people signed up for military service, accounting for 98 percent of the total population of those at the age for military service. Xinjiang, Tibet, Guangxi and other minority nationality regions also conscientiously selected and sent outstanding young men to the army.

To ensure soldiers quality, outstanding young men who are politically qualified, healthy, and well-educated will be sent to the army. Local governments at all levels throughout the country also have drawn up and taken many appropriate measures in accordance with the "Regulations on Conscription Work." Guangdong, Shaanxi, Tianjin and other provinces have drawn up rules for conscription work. Jiangsu, Anhui, Guizhou and other provinces have overcome the difficulties which resulted from floods and had leaders at various levels go right to the grass-roots to conduct extensive mobilization for the conscription work. Jilin, Heilongjiang, Shandong, Hubei, Sichuan, Yunnan, Qinghai and other provinces have trained tens of thousands of selected medical workers to seek unity of thinking and practice, so as to ensure the quality of soldiers.

## NORTH REGION

**Hebei Government's Short-Term Work Tasks**

SK0412143891 Shijiazhuang HEBEI RIBAO  
in Chinese 6 Oct 91 pp 1, 2

[Article by Zhang Liping (1728 0448 1627), reporter: "The Hebei Provincial Government Defines 11 Short-Term Work Tasks"]

[Text] On the morning of 5 October, the provincial government held a meeting attended by responsible persons of relevant departments to define 11 short-term work priorities. Song Shuhua, vice governor of the provincial government, chaired the meeting. Ye Liansong, Standing Committee member of the provincial party committee and executive vice governor of the provincial government, pronounced specific opinions.

First, we should conscientiously analyze the provincial economic situation in this year and set forth the ideology for guiding the 1992 economic work and the 1992 work priorities. Since the beginning of this year, under the provincial party committee's leadership, the provincial government and various departments have resolutely implemented the guidelines of the instructions of the party Central Committee and the State Council and have conscientiously formulated and implemented the Eighth Five-Year Plan and the 10-Year Development Plan. The industrial front has concentrated efforts on launching the campaign of fixing 1991 as the year of quality, variety, and efficiency, thus enlivening large- and medium-sized enterprises. By tiding over various difficulties, the industrial enterprises have witnessed a stable increase in production, and compared with the national average levels, their major economic targets have been attained or surpassed. With the concept of combating the natural elements to reap a bumper agricultural harvest, the people from higher levels downward across the province made concerted efforts and effectively grasped the implementation of various agricultural measures. The province still reaped a bumper agricultural harvest this year, despite the natural disasters, including floods, waterlogging, windstorms, plant diseases, insect pests, and serious droughts. We also made better headway in developing key capital construction projects and technological transformation projects. There was both brisk buying and selling. Prices of goods were fairly stable. This year, the province held news briefings on developing economic and technological cooperation with foreign countries in Xiamen and Chengde, respectively, and held the foreign economic and technological trade fair in Shijiazhuang. Thus, we have made new headway in opening the province to the outside world. We also have firmly attended to scientific and technological progress and developed new and high technology. At the same time as we grasped the economic work, we have persistently considered population control prominent. Generally speaking, the provincial economic situation is good. However, some difficulties and problems still exist in the economic sphere. What is more prominent is that the

poor economic efficiency situation has basically not been changed yet. There are fairly more financial difficulties. The relationship between various sectors of the economy has not been balanced yet. These problems are directly caused by the fact that some state-owned large- and medium-sized enterprises do not have strong vitality and produce poor economic results. The principles for guiding the economic work as defined at the central work conference are as follows: It is necessary to further promote reform and opening work. On the basis of consolidating the achievements in improving the economic environment, rectifying the economic order, and basically balancing total supply and total demand, we should shift the focal points of the economic work onto those of making structural readjustment and increasing economic results. We should strive to make noticeable progress in helping state-owned large- and medium-sized enterprises increase their economic results. To implement the guidelines of the central work conference, we should comprehensively and deeply analyze the economic situation of this year, particularly in the fourth quarter of this year. Based on this, we will set forth the ideology for guiding the 1992 economic work and the 1992 work priorities.

Second, we should comprehensively implement the guidelines of the central work conference and further invigorate large- and medium-sized state enterprises. The central work conference participants emphasized that improving large- and medium-sized state enterprises had important immediate significance. Large- and medium-sized state enterprises have made and will continue to make tremendous contributions to China's economic development and modernization program. Raising their economic efficiency plays a decisive role in continuously enhancing China's economic strength, promoting its economic prosperity and social development, and improving its living standard. In the current situation, in particular, a success in this work has more positive and far-reaching significance. The conference participants decided to adopt 12 measures for providing good external conditions for improving large- and medium-sized state enterprises. Now that the central authorities have clarified principles and policies, the current key work is how to implement them successfully. To implement the guidelines of the central work conference, we should conduct in-depth investigations and studies of our previous work and map out the ideas and measures for and the focuses of Hebei's endeavor to further invigorate large- and medium-sized enterprises and raise their economic efficiency.

Third, we should do a good job in breaking the "debt chains" and in "reducing stockpiles of goods and controlling production." The provincial government recently held a special provincial work conference on breaking the "debt chains" that was attended by commissioners and mayors. Beginning on 20 September, the work to break "debt chains" began provincewide and has yielded initial results. We should make unremitting efforts in this work in line with the arrangements of the

State Council and the provincial government. The focus of the work to reduce stockpiles of goods and control production is on the textile industry. This work is a major policy decision of the State Council. When success is achieved in this work, we simultaneously will be able to solve the problem of debt defaults and the deep-seated problems in the economic structure, thus killing several birds with one stone. Therefore, all localities and all pertinent departments should make meticulous organization and careful arrangements, be both active and prudent, and closely coordinate the endeavor to facilitate a healthy economic development with the endeavor to ensure social stability and unity. The provincial government urged efforts to place the work to break "debt chains" and the work to "reduce stockpiles of goods and control production" in a prominent position of economic work in the last few months of this year. We should strictly enforce discipline and strictly investigate and handle the people who persist in their old ways and deliberately violate the discipline. In carrying out the work, we should pay attention to the following three issues: 1) We should resolutely clear up debt defaults in line with central arrangements and never be a drag on the central authorities. 2) The state has limited the production of textile industry. In view of such a grim situation, we should, on the one hand, firmly implement the central decision and, on the other hand, adopt every means to avoid large-scale suspension of production in textile enterprises and strive to reduce the losses to the minimum. 3) We should adopt every means to fulfill the state-assigned tasks to reduce stockpiles of goods. While "reducing stockpiles of goods and controlling production" in the textile industry, we should continue to achieve success in the work of "three guarantees" (namely guaranteeing exports, military supplies, and special commercial supplies).

Fourth, we should further strengthen agriculture and improve the capacity for comprehensive agricultural production to raise Hebei's agricultural production to a new level in the Eighth Five-Year Plan period. We should intensify efforts to build water conservancy facilities, improve their capacity for flood control, ensure safety in the rainy season, achieve success in the development and utilization of water resources, expand the farmland that ensures stable yields despite drought or excessive rain, and enhance the capacity for resisting natural disasters in agriculture.

Fifth, a good job should be done in purchasing cotton and carrying out autumn sowing. Since the work of purchasing cotton has begun this year, governments and relevant departments at all levels among cotton producing zones should earnestly implement, in line with the demands set by the cotton work conference sponsored by the provincial people's government, the cotton quality standard and the price policy. They should successfully safeguard the order of cotton purchase, raise sufficient funds for cotton purchase, fulfill the purchase tasks in both quality and quantity, and purchase as much

cotton as possible. Furthermore, while successfully conducting autumn sowing, a good job should be done in making arrangements for sowing acreage for cotton crops in 1992.

Sixth, efforts should be made to raise funds through multiple channels to accelerate the pace in building the key capital construction projects and in conducting technical renovations. During the Eighth Five-Year Plan period, our province plans to put 151 projects of capital construction and technical renovations into the plans formulated by the state or the province. These projects include those that have been transferred from the former period for continuous construction, those that have been newly opened, those that are approved items and have been put into the letter of proposal, those that are feasible items and have been compiled into the research reports, and those that are preparatory items for further exploration. To successfully fulfill the Eighth Five-Year Plan and to reinforce the investments in fixed assets, first, we should work out a way to accelerate the pace in conducting the early-stage work of these key projects. We should continuously promote these key projects of capital construction and technical renovations in line with their order of importance until the starting of construction. Second, we should work out a way to raise domestic funds through multiple channels and to utilize foreign funds by adopting multiple forms so as to deal with the urgent matter in 1992 or in the Eighth Five-Year Plan period as a whole.

Seventh, we should summarize the work of opening to the outside world this year and study or set new measures for opening to the outside world in 1992. Since the beginning of this year, relevant departments at all levels under the provincial-level organs have made greater progress in making concerted efforts to actively and effectively utilize foreign capital, to introduce key advanced technologies, to vigorously develop economic relations with foreign countries and foreign trade, and to extensively publicize the province's policy of making friends with foreign personnel. To successfully conduct the work of opening to the outside world in 1992, the province has set the following three tasks: 1) Efforts should be made to briefly summarize the work done in opening to the outside world this year and to earnestly learn from the good experience gained by our fraternal provinces and cities in this regard. 2) A good job should be done in successfully honoring the contracts signed in the year. 3) Efforts should be made to study and set new measures for opening to the outside world in 1992.

Eighth, we should continuously deepen the economic system reform and reinforce the weight of reforms. Various relevant departments should advance ideas and focal points for conducting reforms in 1992.

Ninth, efforts should be made to consolidate the "three chaos" problem on highways and to unswervingly carry forward the consolidation in this regard. The provincial people's government decided to convene the work conference on consolidating the "three chaos" problem on

highways in November. Relevant departments under the provincial-level organs should do a good job in making preparations for the conference in line with the demands adopted at the Langfang conference in August this year.

Tenth, a good job should be done in consolidating the system in line with the principle of seeking truth from facts, under which personnel hold responsibilities for attaining limited objectives and which was formulated by the provincial people's government early this year.

Eleventh, a good job should be done in making preparations for the convocation of the provincial People's Congress.

Ye Liansong pointed out in his speech that the 11 tasks mentioned above represent the work emphasis studied and defined by the provincial people's government in line with the spirit of the work conference of the CPC Central Committee for the coming certain period. The responsible personnel of various relevant departments must pay great attention to the work emphasis, organize their backbone forces to implement the work emphasis, enforce the system under which leading personnel are responsible for the work, and fulfill the missions within the given date.

## NORTHWEST REGION

### Ideas To Put Zip Into Sagging Collective Economy

92CM0084A Urumqi XINJIANG RIBAO in Chinese  
15 Oct 91 p 3

[Article by Zhao Jizhen (6392 0679 2823) and Zheng Gong (6774 1562): "Survey of Changji City's Rural Collective Economy"]

[Text] After the introduction of large-scale contracting of agricultural production, the Changji City rural collective economy went through two different periods. The first period ran from 1983 through 1987. In 1983, the assignment to individual teams of villagers of large- and medium-sized farm machinery formerly belonging to production brigades began. In 1984, simultaneously with the contracting of land for farming, collectively owned fixed assets were turned over to peasant households at an assigned monetary price. The second period ran from 1987 to the present. During this period, each of the townships and villages of Changji City constructed a succession of farmland water conservancy facilities and built a number of schools. Today, the rural collective economy's fixed assets consist largely of pump wells, aqueducts, forest belts, high voltage power lines, roads, and schools. In their wake, these major changes in the rural collective economy have brought some problems that deserve deep consideration.

First is the rate of increase in the total value of collective productive fixed assets which lags markedly behind that of individual peasant productive fixed assets. In 1990,

Changji City had 256 rural teams whose collective fixed assets totaled 14,926,000 yuan in value, while the fixed assets belonging to individual peasants totaled 40,551,500 yuan in value. The total value of individual peasants' fixed assets increased ninefold during a seven year period, while the total value of collective fixed assets increased less than 40 percent.

Second is the imbalance between collective financial receipts and expenditures, expenditures being greater than receipts and the amount of cash on hand declining. Collective financial receipts for each of the townships and villages in the city totaled 1,849,000 yuan in 1990 (not including township and village enterprise receipts). During the same year, financial expenditures totaled 2,165,000 yuan, expenditures exceeding revenues by 17.05 percent. Financial receipts of the city's townships and villages fell 73.67 percent from 1989. In 1990, rural collective funds on hand for the whole city totaled 29,006,000 yuan in a 1.08 percent decline from the 29,322,000 yuan of 1980.

Third, farm machinery was privately operated by individual peasants rather than collectively. Figures from the municipal Bureau of Statistics for 1989 showed a total of 3,149 large, medium, and small tractors, 172 motor vehicles, and 322 harvest processing machines in the city's townships and villages, up 253.82, 201.75, and 9.21 percent from 1983, but ownership and operating rights had changed. Before the institution of large-scale contracting, all large- and small-farm machines were the property of the collective and were collectively operated. Today, virtually all farm production machinery is owned by individual peasants and is privately operated.

In addition, hardly any of the collectively owned houses such as some used as collective offices and as farm machinery repair stations, which were collective fixed assets before the advent of large-scale contracting, remain today. The lack of collective houses occasions great inconvenience for collective activities, for the organization of political study, and for the convening of meetings. It adversely affects the building of spiritual civilization and the effective performance of social work.

Among the reasons for the weakening of the collective economy is first, the year-by-year increase in the amount of money peasants owe. In 1989, the peasants throughout the entire city owed 6.27 million yuan of which only 459,000 yuan, or 7.32 percent, was repaid in 1990. Second, the collective economy lacks sources of fiscal revenue. The main sources of revenue for the collective economy today are the overall planning fees, the public accumulations, and the public welfare and administrative fees collected from the peasants. Moreover, the percentage of public accumulations among the various limited withholdings is not very large and the total amount is limited. Other expenditures are numerous and various, and sometimes accumulations have to be used to make up for shortfalls.

The rural collective economy has a bearing on both the steady comprehensive development of agricultural production and on the smooth performance of all rural work. It is an important part of rural life. The weakening of the rural collective economy today deserves serious attention. A fine social environment must be created for the strengthening of the collective economy, tilt policies must be drawn up, and vigorous actions must be taken to widen avenues to financial sources that increase rural collective economy revenues. Rural economic work must pursue a policy of taking the rural economy as the dominant element in an economy in which multiple components exist at the same time. Insofar as state policy regulations permit, a free hand should be given to township-operated and village-operated collective enterprises and individually owned and privately owned enterprises. Peasant investment or peasant purchases of shares for the pooling of funds to operate enterprises should be promoted and encouraged to bring into play the initiative and the creativity of the peasant masses.

Fourth, pilot projects should be planned and organized to promote rural collective economy fields. Collective economy field pilot projects should be run by village teams. While making sure there is no decrease in the collective area sown to grain and no decrease in the land contracted by peasant households, full use should be made of idle land or reclaimed barren land, and collective fields should be centralized into a single tract for contracting out to peasants or specialized households able to farm it for the growing of cash crops. An equitable land area for collective fields must be set on the basis of the actual circumstances of individual village teams and the land specified for farming or the breeding of aquatic products.

Fifth is the establishment and perfection of a collective financial control system at all rural levels to prevent the seeping, blocking, and leaking of funds in order to increase revenues and curb expenditures. Townships and villages able to do so may run rural financial audit system pilot projects and institute township and village internal financial audits, seasonal audits and regular audits to improve the supervision and administration of township and village financial work. In village organizations in which financial work is in pretty much of a mess, township CPC committees and government must organize capable financial cadres to make concerted efforts to straighten out and restructure the system. They must make public the results of their efforts. When principal leading cadres in a township or village team leave a position or are transferred elsewhere, a financial audit must be conducted and all procedures handled, including the transfer of financial accounts and ledgers under their control. Should accounts contain suspense items, they must be strictly dealt with. Peasant debt problems must be handled on a case-by-case basis. First, in the case of needy households genuinely unable to make repayment, arrangements may be made for the withholding of a percentage, and a reduction or exemption of payment granted for old accounts of many years

standing. Strict handling of such peasant households is required. One should be circumspect in speech, not giving away too much. Second, in the case of peasant households able to work and produce and that have earnings, more educational work must be conducted to make them take the initiative in turning over withholdings to repay money owing. Third, in the case of those who refuse to discharge their responsibilities and who purposely evade payment or will not turn withholdings over to the collective or who persist in owing the collective, strict criticism and indoctrination must be conducted in conjunction with required administrative actions to force them to repay all money owing.

### **Huocheng County Acts To Improve Race Relations**

92CM0084B Urumqi XINJIANG RIBAO in Chinese  
15 Oct 91 p 1

[Article by correspondent Zhang Mo (1728 7817): "Huocheng Campaign To Create 'Three Models' Spurs National Unity; Cadres Able To Tell Several Experiences; Progressive Personnel From Among the Masses Come Forward Steadily"]

[Text] In reporting on nationalities' unity work, rural cadres are able to tell several experiences and cite several classic examples. Progressive personages involved in nationalities' unity work among all nationalities in cities and the countryside come forward steadily. This is the heartening scene that has appeared in Huocheng County's pervasive launching of a campaign to create "three model" units.

Huocheng County is a border region county in which 66.5 percent of the population is of minority nationality. In recent years, incidents damaging the unity of nationalities have occurred there, resulting in some cadres feeling psychological pressure and experiencing lowered morale. Following a diligent analysis and summarization, the county CPC Committee stated clearly that the unity of nationalities throughout the country is of primary importance and that outbreaks could not repudiate the large amount of work that the broad masses of cadres and the public have done for the unity of nationalities for many years. It straightened out thinking and unified perceptions, thereby stimulating the enthusiasm and zeal of cadres at all levels in setting up model units.

In view of the problems revealed in one incident that erupted two years ago, the county CPC Committee made the study of the Marxist view of nationalities and the party's nationalities' policy a major matter for study and propagandizing. In May 1991, the entire county was mobilized to make fullest use of propaganda and public opinion tools such as television, radio broadcasts, propaganda vehicles, and blackboard newspapers in a propaganda and educational effort. The county also ran a training class for party branch secretaries and also formed publicity teams to train key cadres in all townships. All units set special study periods and conducted

evaluations in the form of competitions about knowledge of nationalities' policies, thereby creating a rich political study atmosphere.

The general increase in ideological understanding and in knowledge of policy theory spurred the thorough development of the campaign to create model units. Primary levels cadres in townships everywhere planned, arranged, and performed checks and evaluations of work regarding the unity of nationalities, and they made summarizations and commendations an important part of their daily work agendas. Village party branch secretaries personally devoted attention to nationalities' unity activities, serving as leaders of religious control teams. They courageously controlled all sorts of activities conducted in violation of the law and solved numerous problems.

Cadres at all levels in this county also regarded assistance to minority nationalities in the development of production and in the improvement of their scientific knowledge and general education as matters of prime importance. Han Yuliang, the Daxigou Village party branch secretary sent from Daxigou Township, led a villager team made up of two people of the Han nationality to help two minority nationality villager teams build a six km long, leak-resistant masonry ditch that enables the minority nationality villagers in these two

teams to increase their grain output. They happily termed this ditch "unity ditch." During the first half of 1991, the county ran a farm technology training class in which nearly half the minority nationalities took part. More than 10,000 attendees studied scientific farming methods including breeding of superior varieties and growing of sugar beets in paper tubes, which were also spread among the masses of minority nationality peasants.

The ideological understanding of the people of all nationalities in Huocheng County has advanced very greatly. The Wuyi Highway, a main transportation artery in the county, used to have traffic accidents that people frequently regarded as a nationalities' problem. Now whenever a traffic accident occurs, most people no longer blame it on nationality relations. Instead, it is turned over for handling to the authorities concerned. As a result, numerous disturbances have been solved fairly and rationally according to law.

Recently Huocheng County conducted a thorough testing of how well units under county jurisdiction and towns in various townships had conducted the campaign to create "three models." Eight percent of units were found to have met model standards. The political situation of the unity of nationalities and of social stability has taken shape throughout the county.

### Editorial on Establishing Gold Certificate System

92CE0106A Taipei CHING-CHI JIH-PAO in Chinese  
23 Oct 91 p 2

[Editorial: "For the Early Establishment of a Flexible Gold Deposit Certificate System"]

[Text] Gold deposit certificates have recently become a hot topic again in financial circles, but after the national financial conference, there has yet to be seen any further concrete actions on the part of concerned authorities. The success or failure of gold deposit certificates not only concerns the fate of the gold market, but also more importantly, affects the effective use of the huge amounts of funds intended for investment in warehoused gold.

Gold has always been widely regarded as a value-preserving investment target, and conventional demands have also made our people particularly fond of it. In recent years, international gold prices have fallen; in addition, the new Taiwan dollar [NT] has continuously appreciated, and domestic investors in gold have suffered great losses. But annual gold imports still amount to 100 metric tons, and the invested funds amount to over 30 billion NT. Except for a small amount used for industrial and cosmetic purposes, most of the substantial amount of gold is in the form of gold bars that investors keep for long periods of time for the purpose of value-preservation. Because of a lack of the circulating operation of investment instruments such as gold deposit certificate, this huge amount of funds, just like NT dollar notes locked in safes, have become warehoused funds that cannot be used.

If it is possible to accommodate the demands of investors for value-preservation, let investors deposit their gold just like cash in rather secure profit institutions such as banks. On the other hand, if the gold-keeping institutions can, under certain conditions, make full use of the funds, then this would be beneficial for both parties. Hence the idea of gold deposit certificates. Gold deposit certificate is only a hypothetical term, and it can also be called certificate of gold deposit or gold voucher. The purpose is to make it no longer necessary for gold buyers to keep their gold in safes, so that the gold-deposit receiving institutions can, under certain conditions, convert it into funds to be used in other more profitable investments.

Under the traditional cautious views on regulating investment, on the one hand the government tries every means to tighten regulations, and on the other hand the lack of outlets for private funds has led to rampant underground economic behavior. For instance, the lack of full liberalization of financial policy has resulted in the emergence of underground investment companies. The multi-layered regulations on gold has resulted in the unrestricted prevalence of gold deposit certificates issued by private gold merchants. They say that by paying 80 percent of the price of the goods, investors can

get 100 percent of the gold in one year. But in many cases, such usury-like reckless behavior ends up in bankruptcy and disappearance of merchants, and investors suffer losses and have nowhere to complain.

Repeated cases in recent years of un-honored gold deposit certificates do not mean that gold deposit certificates do not have existing value. On the contrary, it proves the urgent need for gold deposit certificates in society. Only the lack of rational regulations has made gold investors unable to enjoy similar safeguards covering bank deposits.

In 1986, the government promulgated regulations on gold imports and trade. Those credit bureaus and banking houses that are registered as traders can import gold, and foreign-exchange banks can import gold coins. But according to existing regulations, domestic trading in gold is limited to gold spots and no futures market is permitted. As a result, businessmen who want to issue gold deposit certificates must have 100 percent of their gold in spots. They not only have to prepare safe storage places, but also cannot make other flexible use of the funds invested in gold. Consequently, law-abiding businessmen hold back, but bold businessmen are unrestrained. This situation shows that impractical systems cannot achieve the intended regulation objectives, but provide for activities that take advantage of loopholes.

Experience of recent years indicates that a gold deposit certificate system has room for development in Taiwan, but there needs to be rational regulation. We hope that the Finance Ministry and the Central Bank will actively proceed with the matter; we would like to suggest the following ideas for consideration.

(1) If Taiwan's financial market wants to have its place in Asia, the establishment of a liberalized gold market is a shortcut. Taiwan is the largest gold consumption market in Asia. If only we can establish a liberal gold deposit certificate system, the day of becoming a significant gold market in Asia will not be far away.

(2) With regard to establishing a gold deposit certificate system, it is all right to restrict the quantity of issuance, but it is absolutely necessary not to require the issuers to have 100 percent of their gold in spots. If the spots ratio is a bit higher than that of deposit reserves, and there are restrictions on the use of the funds, it should be sufficient to safeguard the claims of gold deposit certificates. Because restrictions on having 100 percent of the gold in spots will deprive gold deposit certificate issuers of any usable funds, gold deposit certificates will be unable to play their role.

(3) Gold deposit certificates issued with approval should be withdrawn or traded freely under certain conditions, and must also accommodate those who want to have withdrawals abroad. Only in this way is it possible to stimulate a lively gold market. It is also necessary to allow free export of gold.



(4) The issuance of gold deposit certificates is in fact similar to receiving deposits, and therefore the system should contain similar regulations. For instance, in other countries, the issuing institutions are mainly banks, but Hong Kong also permits the issuance by banking houses. As the bank supervisory system in Taiwan is well-established, with regard to the institutions permitted to issue gold deposit certificates, it is sensible to start with banks, then gradually develop the participation of larger banking houses.

(5) With regard to approved gold deposit certificate issuers, the government should also exercise close supervision, and it is necessary, in this connection, to establish a system similar to the financial examination system for banks, containing close supervision with regard to whether the spots reserves are kept according to regulations, and whether the use of funds conforms to safeguard requirements. Only in this way will it be possible to safeguard the investments of investors.

### CPC Views Class Structure

92CE0066A Hong Kong TANGTAI  
[CONTEMPORARY] in Chinese No 7, 15 Oct 91  
pp 16-18

[Article: "Chinese Communist Party Views Hong Kong Class Structure"]

[Excerpt] Note: How does the CPC view class structure in Hong Kong? How will it handle class relations with Hong Kong? These questions will affect the CPC's policies on Hong Kong. The Central Party School has published a set of materials relating to the socialist social class structure and class struggle, including "Social Class Structure in Hong Kong in the One Country Two Systems Period." Though these articles have the flavor of propaganda, they also reflect some views at the highest levels of the CPC, and as the present excerpt shows, have the effect of being increasingly transparent.

After Hong Kong changes from a colony to a capitalist Special Administrative Region within a socialist country, the social and national inequalities of the colonialist society must be gradually eliminated. But the basic class structure of its capitalist society and the class contradictions will continue to exist under the new conditions. Under "one country two systems," Hong Kong's bourgeoisie, middle class and laborers will all safeguard their own positions and seek their own interests. The capitalist class, desiring no change in the social system, will want to protect its own profits. The middle class will want to achieve even better development opportunities through changes in the political system. Laboring people of the working class will want to preserve and improve their own working and living conditions. Here not only the normal contradictions between labor and capital but also the contradictions of Hong Kong as an international city, and between international monopoly groups and Hong Kong Chinese capitalists, and the entire people, will continue to exist as before. Within a future Chinese socialist country, this social class structure and these class contradictions will inevitably constitute a relationship of complex social contradictions and class contradictions among the various mainland classes, strata and other social groups. In addition, internal Hong Kong and Hong Kong mainland contradictions will inevitably be played out against an international backdrop. Nevertheless, generally speaking, there are only two types of contradictions. One involves the various national peoples throughout the country opposing the unification of the motherland, a class struggle of reactionary forces bent on destroying modernization. The second are the internal social and class contradictions of those endorsing unification of the motherland.

Class contradictions between mainland socialist workers and Hong Kong working people, and the Hong Kong capitalist class, particularly patriotic capitalists, in the process of the long-term development of the "one country two systems" situation, are generally internal

contradictions among people. These new relations between labor and capital, in terms of economics and mutually beneficial cooperation, also contain contradictions. Politically there are also differences in discussing unification. Through peaceful coexistence and peaceful struggle between the two social systems, mutual contradictions could also gradually promote a rational solution. When it comes to the doubts and fears of the people of Hong Kong, Deng Xiaoping has said that future "mainland development" will not deal "in a petty and small" way with these questions. It is only possible to be of "even further benefit to the prosperity and development of Hong Kong."

As for the extremely small number of hostile elements opposed to socialism, of course they will exploit the "one country two systems" situation, just as they have already exploited the special conditions of opening up. They will work in concert with various types of reactionary forces, including those scum who oppose "one country two systems." They will oppose unification of the motherland, and do their utmost to exploit the negative and degenerate elements of the socialist system, bringing to socialist society a class struggle of a complex and long-term nature. However, looking at the whole country, this situation is still part of a larger class struggle, and it is not possible to change the basic nature of this special type of class struggle.

Hong Kong's political superstructure must be suited to its capitalist economic structure and class structure, hence Hong Kong's future political system will be based mainly on the patriotic Hong Kong bourgeoisie class, in alliance with other classes as a nonsocialist political system. This regime, directly under the jurisdiction of the central people's government, will take patriotism and democracy as its political base for administering Hong Kong. At present, a number of well known industrialists and businessmen and various types of professional figures and other political groups have already emerged in Hong Kong, and are actively participating in political activity, which reflects this trend. [passage omitted]

### Sources of Campaign Funds in Recent Elections

92CM0081A Hong Kong MING PAO in Chinese  
23 Oct 91 p 4

[Article: "At Least 30 Candidates in the Direct Election's Campaign Funds Came From Borrowed Funds or Contributions"]

[Text] At least 30 candidates who participated in the Legislative Council direct election had to resort to borrowing money or accepting contributions to fund their campaign. Among them, New Territories East's Liu Hui-ch'ing [0491 1979 0615] amassed the most, nearly HK \$30,000 (Hong Kong dollars), and the least went to Victoria Island East's Li Chu-ming [2621 2691 06900], who only received HK \$500.

Of the 50 candidates who submitted their campaign report forms, 28 received funding aid, 11 got interest-free loans, and all those in debt borrowed from their previous political organizations.

There were only two whose receipts exceeded expenditures, Liu Hui-ch'ing and Victoria Island East's Ch'en Ying-lin [7115 5391 792]. Ms. Liu's funding method was through individual contributions, each from HK \$1,000 to HK \$20,000; included was one for HK \$10,000 from Democratic Society president Hsiao Chien-ying [5618 0256 5391] in his own name. As her campaign spending was just over HK \$190,000, the remaining HK \$99,000 or so was donated to the Hong Kong Red Cross.

Also, Chen Ying-lin's contributions came from the Democratic Society, to which he belonged, and the Sheng Li Brewery; the HK \$10,000 or so left over from the campaign was donated to the Democratic Society.

The other recipients of funds from political groups in support of campaigns included three candidates of the Independent Democratic Union, Wu Chien-hsin [0124 0256 2450], Chang Han-chung [1728 3352 1813] and Wang Chih-ch'iang [3769 1807 730], respectively receiving donations totaling HK \$180,000, HK \$180,000, and HK \$100,000, which was the bulk of their funding source.

Ti Chih-yuan [3695 1730 6678] of the Meeting Point and the Neighborhood Laborers Service Association's Liang Yao-tsung [4731 5069 1350] also respectively received association contributions of HK \$60,000 and HK \$160,000.

Aside from political groups' support, some candidates had quite a few public figures giving relatively smaller amounts in support. For example, Kowloon East's Feng Chien-chi's [7458 2914 1015] received more than HK \$100,000 from many individuals, his report list was three pages long, with amounts from HK \$500 to HK \$10,000; there was no lack of well-known figures, including the chairman of the Executive Council, Liang Ting-pang [4731 1353 6721] and Legislative Council member Huang Ping-huai [7806 4426 2849].

The more than HK \$160,000 in contributions for Victoria Island West's Ch'en Yu-hsiang [7115 3022 4382] largely came individual small donations, the list reached five pages with amounts from HK \$500 to HK \$30,000. The New Territories East's Huang Hung-fa's [7806 1347 4099] had unusual sources of contributions; HK \$180,000 came from 19 public figures; except for one person, each gave HK \$10,000. We do not know whether that was Mr. Huang's rule.

Another way to seek funds was through lottery tickets; those using this method included Ch'en Wan-hsien [7115 1238 8300], Yang Sen [2799 2773], Huang Chen-hsia [7806 7201 6667], Ch'en Wei-yeh [7115 0251 2814] and Li Yung-ta [2621 3057 6671]; among them, Ch'en

Wan-hsien had the best results, receiving over HK \$150,000. The total amount went past what the HK \$10 per ticket brought in.

Those who used loans included two Meeting Point candidates, Li Hua-ming [2621 5478 2494] and Ti Chih-yuan. They both borrowed part of their campaign funding from the Meeting Point Company, Ltd.

Of the United Democrats' 14 candidates, seven received interest-free loans from the association for HK \$134,000; these included Wu Ming-ch'ien [0702 2494 2953], Yang Sen, Huang Chen-hsia, Lin Chu-ch'eng [2651 6880 2052], Liu Ch'ien-shih [0491 0578 4258], Ch'en Wei-yeh and Li Yung-ta; only Feng Chih-huo [7458 2535 3172] borrowed HK \$13,400 from the Alliance, and Liu Chiang-hua [0491 3068 5478] borrowed HK \$67,000 and received another HK \$67,000 as a contribution.

The loan amounts were comparatively high, and Li Hua-ming borrowed the least amount of HK \$61,000 from the Meeting Point.

#### United Democrats in Financial Trouble

92CM0081B Hong Kong MING PAO in Chinese  
25 Oct 91 p 10

[Article by reporter Li Hui-ling: "Employee Remuneration - Hall Rental - No Money No Go. United Democrats Finances in the Red"]

[Text] In the next four years, the United Democrats expect to receive HK \$30 million (Hong Kong dollars) from members, but because some members are exempt from renewal fees, this will be reduced by HK \$6 million. United Democrats treasurer Wu Ch'ung-wen [0702 1504 2429] pictures the organization as presently still with a shortfall, so he is pursuing short-term fund-raising actions. This group hopes that, each year afterward, it can take in over HK \$2 million.

On the day of the interview, as soon as he saw this reporter, Wu Ch'ung-wen exclaimed: "We (United Democrats) are not rich"! He clarified the point, stating that he did not take in HK \$30 million, but instead paid out HK \$30 million for employee salaries.

Wielding a calculator, Wu Ch'ung-wen "counted" to the reporter. He pointed out that, at present, the United Democrats have 14 Legislative Council seats, 11 Executive Council, district Executive Council members, and 52 district delegates, who use varied proportions to send up allowances, and pay the organization; it originally expected in the next four years to get more than HK \$29 million. However, because two delegates from the functional section (educator Chang Wen-kuang [1728 2429 0342], Ho Min-chia [0149 2404 0857] of the medical field) must be responsible to other groups in their fields, the United Democrats are not asking them to pay anything.

In addition, of 52 delegates, nearly 20 also belong to other organizations such as the Meeting Point, etc.; these district delegates also do not pay the organization.

Wu Ch'ung-wen pointed out, according to the United Democrats' own estimates, each month they only receive HK \$490,000 from the delegates, or a total of HK \$23,500,000 for four years. But the organization estimates its monthly expenditures at HK \$620,000, or a total of HK \$29,700,000 for four years.

Of the monthly HK \$620,000 spent, 80 percent (HK \$480,000) goes to employee salaries. The United Democrats Delegates Committee Secretariat will hire eight persons, the research center six, the United Democrats

Secretariat eight and one-half (additional duty), and the district branches offices have over 20.

In addition, the United Democrats pay HK \$80 thousand monthly for rent. Wu Ch'ung-wen pointed out, as the present location does not meet needs, another site near the present one is being considered for delegates' meetings. In addition, HK \$40 to \$50 thousand is paid out monthly for various activities.

Wu Ch'ung-wen said that due to financial difficulties in setting up the first year, there is still a debt of HK \$2 million. Add to this its financial budget, the monthly receipts are short of expenditures; therefore, the organization is actively preparing to engage in activities to solicit contributions. In the next four years, it will still look upon contributions as an important revenue source.

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